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Christopher Opens European Security Conference

LD0707093194 Warsaw PAP in Polish 0838 GMT 7 Jul 94

[Text] Warsaw, 7 Jul—Problems of security in Central Europe and American aid and investments in this region are issues discussed at the conference of ten foreign ministers from Central Europe and the U.S. which started on 7 July in Warsaw.

Opening the debate, American Secretary of State Warren Christopher presented main principles of the U.S. policy towards the Central European states. He said that it cannot ignore the 20th century experiences, the Cold War period and the former Soviet Union domination. "Those lessons are clear for us. Peace and stability need Central European states to be strong, independent, and democratic," Christopher said. He stressed integration should include security as well as economic issues.

According to Christopher, the key to integration with the security structures is the Partnership for Peace program.

Melescanu on Economic Ties With U.S.

AU0707175394 Bucharest Radio Romania Network in Romanian 1300 GMT 7 Jul 94

[Text] The working session of a meeting attended by foreign ministers of nine Central European countries and U.S. Secretary of State Warren Christopher concluded in Warsaw this afternoon. The meeting was occasioned by U.S. President Bill Clinton's visit to Poland, our correspondent Alexndru Beleavschi reported.

At the end of the meeting, Romania's Foreign Minister Teodor Melescanu presented the meeting's conclusions to our radio station. The participants in the meeting stressed the wish that the United States should continue to get involved in ensuring stability and security for the states in our area and that the Partnership for Peace program represents a fundamental element of security.

Another conclusion of the meeting was that security and stability of countries in our area cannot be conceived only through military policy, but can be the result of these countries' economic progress. At the meeting, U.S. Secretary of State Warren Christopher announced that a conference will be organized in Washington next autumn in connection with U.S. investments in our area and the promotion of trade and investments in our region.

On this occasion, Melescanu stressed our country's very concrete preoccupations and expectations in connection with economic relations with the United States. Melescanu mentioned the support and the particular attention granted to the position of the U.S. Administration, which this year again proposed that Romania be granted the most-favored-nation status. The Romanian foreign minister expressed the wish that greater credibility be granted to economic exchanges between Romania and the United States, by expanding the respective status to a longer period of time.

Likewise Melescanu remarked the importance that Romania attaches to the American presence on the Romanian market and mentioned the measures taken by the government to facilitate investments.

Slovak Minister on NATO Admission

LD0707141394 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1300 GMT 7 Jul 94

[Text] [Announcer] Eight ministers of foreign affairs met in Warsaw today at the invitation of U.S. Secretary of State Warren Christopher and Polish Foreign Minister Andrzej Olechowski. After the meeting, our colleague and Slovak Television correspondent in Warsaw, Jozef Huebel, put a few questions to Slovak Foreign Minister Eduard Kukan.

[Begin recording] [Huebel] Many U.S. officials said recently—and commentaries on Polish Television on the eve of this meeting as well—that Hungary, Poland, and the Czech Republic enjoyed the best prospects for being quickly admitted into NATO. There was not a single mention of Slovakia there. What is your response?

[Kukan] My response is one of indignation, because these issues were discussed during my talks with my colleagues. I was given assurances everywhere that Slovakia would not be forgotten and that Slovakia has a firm place among these four countries. I am thus unable to explain to myself the reasons for their going back. On the contrary, under the present government, the development in Slovakia shows that all the foreign policy trends that clearly indicate which way Slovakia is going have been confirmed. So I do not know why assessments (?of this kind) have been made.

[Huebel] Will you be trying to convince your colleagues here that we are well prepared for it?

[Kukan] They do need much convincing, I think. I can tell you—and this is no secret—that at the talks, Warren Christopher always spoke about four countries. Even when he spoke about prospects for NATO membership, he always spoke about four countries. He named these countries and Slovakia was one of them. [end recording]

Zieleniec Assesses Talks, Clinton Visit

LD0707175694 Prague Radiozurnal Radio Network in Czech 1600 GMT 7 Jul 94

[Text] A meeting of foreign ministers from Central and East European states took place in Warsaw in the context of the visit of U.S. President Bill Clinton. Our correspondent Miroslav Karas asked Foreign Affairs Minister Josef Zieleniec to assess this meeting:

[Begin recording] [Zieleniec] What made this meeting important was not only what was said. The fact that the U.S. President has paid a second visit to Central Europe

within the last six months underlines the U.S. interest in our region and in the security of this region. This is the most important contribution of this whole undertaking, as it were.

Naturally, the discussion with Mr. Christopher and other colleagues was also very interesting. The points that I personally found to be of greatest interest were those associated with the speech by Secretary of State Christopher. Christopher emphasized with great clarity that the United States did not wish to permit the emergence of a gray area in this region and that they intended to push for a clear security structure here.

The second important point is a clear announcement by the United States, delivered by Mr. Christopher, that the United States wants NATO to be enlarged by those Central and East European states that are successfully coping with economic and political transformation. This was the first time that this linkage appeared in such an explicit way in U.S. foreign policy. It is a very important linkage because it clearly emphasizes the linkage between the basic values on which NATO is based. These are political stability, democracy, and the economy based on private ownership.

These are the most important points of this meeting. In my view, this represents a marked—well, I do not want to say progress—but what it represents is that emphasis is being placed on the enlargement of Western integrational structures, which is a factor we are also stressing. That is why the Czech Republic welcomes it.

[Karas] What did the Czech side think about the further implementation of economic and political cooperation in this region?

[Zieleniec] What we think about this matter is well known. We are pushing particularly hard for economic cooperation, for this is the basis of our common interests and, as such, it is also the basis for political cooperation. There is free trade between the states in our region. We have signed an agreement on a free trade zone with Poland, Hungary, and Slovakia. We have also signed a free trade agreement with Slovenia, and negotiations with Romania are in progress. I think this is the best example of our active attitude to this cooperation.

My participation in this meeting and my recent pronouncements made at the microphone are evidence of the fact that we regard regional cooperation as an important part of our foreign policy and that we put the main emphasis on specific and practical cooperation, because this cooperation is always a foundation for good political relations. [end recording]

Aleksandrov Objects to Clauses in Defense Bill

AU0707170294 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 7 Jul 94

[Text] At a meeting of the National Assembly Legislative Commission on 7 July, Defense Minister Valentin Aleksandrov presented his opinion on certain controversial clauses of the Defense and Armed Forces Bill. The minister has fundamental analytical objection to the clause whereby the leadership of the Bulgarian Army is effected by the minister of defense through the chief of the General Staff. The defense minister disagrees with this combination of the civilian and military principles.

Slatinski Criticizes Parties on Defense Bill

AU0607173194 Sofia 24 CHASA in Bulgarian 30 Jun 94 p 13

[Interview with Nikolay Slatinski, chairman of the Parliamentary National Security Commission, by Iva Petroni; place and date not given: "Union of Democratic Forces Allowed the Rights and Freedoms Movement To Play First Violin in Army"]

[Excerpts] [Petroni] Mr. Slatinksi, why did you, a member of the SDS [Union of Democratic Forces] parliamentary group, take part in the full session of the National Assembly when the debate on the armed forces bill started?

[Slatinski] Because the SDS group cannot yet find the courage to oppose the complete insanity that the National Coordinating Council has imposed on the way it acts. Do Filip Dimitrov, Ivan Kostov, and Ivan Kurtev realize what it means for the Army if this bill is not passed? Do they understand what the absence of the SDS deputies from the plenary hall means for the rank and file, the young officers, and the higher ranks? Are they aware that this constitutes yet another blow against the authority of the SDS and the respect it enjoys as a political force?

[Petroni] However, allegations have already been made in the National Assembly that the action of the SDS deputies constitutes national betrayal.

[Slatinski] There are grave accusations, but nevertheless they are being projected into the national consciousness. This is my last motive for saying that I do not want to have anything in common with the National Coordinating Council and its political moves. I dissociate myself from them.

If the SDS parliamentary group fails to take part in the debate on the Defense and Armed Forces Act, I will immediately resign from the group.

[Petroni] Will you become an independent deputy, like Georgi Markov?

[Slatinski] In principle, my political views are very similar to his.... These political exercises and these endless disputes, permits, and prohibitions in the SDS carry a very high cost for the state.

[Petroni] Why did the situation deteriorate so far that the DPS [Rights and Freedoms Movement] threatened to withdraw from parliament? Why were these issues not cleared up when your commission examined the bill?

[Slatinski] The bill is very lengthy and deals with controversial matters that have not been settled. During the last year our efforts have been concentrated on getting it debated in parliament rather than on discussing it in detail.

Now, when the quorum in the debating hall depends on the DPS, they have decided to make the maximum use of this key advantage.

The DPS should reconsider its strength and stop irritating the Bulgaria public by demanding that Bulgarian should not be obligatory within the Army. Look, when two young Turkish soldiers sit together, no one will force them to speak Bulgarian in everyday conversation, or deprive them of the right to communicate in Turkish. [passage omitted]

My chief criticism, however, does not concern the DPS itself, but the key role it has obtained due to the insane policies of the SDS leadership.

[Petroni] Why was the problem of the Construction Troops brought into the argument?

[Slatinski] The Construction Troops have been a controversial problem for a long time. The problem had died down, but now people are trying to exploit it again to win electoral dividends. After this, the next scandal will concern the Transport Troops, who also include a large proportion of soldiers with a non-Bulgarian ethnic consciousness. However, they are serving in this service not because they are Turks or Gypsies, but because of their low educational qualifications.

However, the state gives them the chance to acquire a profession and a much more normal way of existence. Untrained and ill-educated people cannot operate complex machinery and weapons like tanks or aircraft.

I do not count myself among the number of those hotheaded deputies of ours who ask the DPS: What will you say about the Turkish Army, which language may be spoken there?

[Petroni] Apart from its proposals concerning the Construction Troops and the language to be used in the Army, the DPS also wanted the period of conscription to be reduced to 12 months for all, and to 10 months for persons with a higher education.

[Slatinski] They want 10 months for the Construction Troops and 12 months for the rest. The situation now is that persons with higher education serve eight months.

This is indicative of two things: First, it shows a refusal to adopt a firm position regarding the Construction Troops, because it has become clear that this trick will not come off and will produce a very strong reaction.

Second, it indicates the DPS's intention to block the Defense and Armed Forces Act as much as possible. The language issue and the Construction Troops merely form part of a grander strategy. However, it is very unpleasant that they are putting populist moves in the forefront, because many people will be glad if the conscription period is reduced. [passage omitted]

SDS Faction Questions Effects of Boycott

AU0607175094 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 6 Jul 94

[Text] The National Assembly faction of the Union of Democratic Forces [SDS] met on 6 July. Veselina Rasheeva and Aleksandur Dzherov proposed to continue boycotting the activity of the parliamentary majority, dominated by the Bulgarian Socialist Party [BSP], which is aimed against the reforms, by participating in the parliamentary sessions.

The implementation of the parliamentary boycott has so far helped rather than obstructed the activity of the majority, and recommunization bills are being rapidly passed because of the absence of the SDS deputies, the proposal points out.

The SDS parliamentary faction should direct its efforts to bringing the Judiciary Bill, which was returned by the president, into accord with the Bulgarian Constitution, and to rapidly passing the appropriate amendments to the procedural bills, the proposal also points out.

The SDS parliamentary faction must also direct its efforts toward preventing the passing of various parts of the Defense and Armed Forces Bill, which jeopardize national security, toward adopting amendments to the Bankruptcy Bill that will facilitate privatization, and toward placing bills affecting the election system on the National Assembly's agenda with a view to rapidly setting a date for new elections.

The proposal will be discussed at the forthcoming joint meeting of the SDS National Coordinating Council and the SDS parliamentary faction. Today the SDS parliamentary faction decided to permit itself to participate in the National Assembly sessions at which the Defense and Armed Forces Bill will be discussed.

DPS Leader Addresses Language Issue

AU0607120094 Sofia KONTINENT in Bulgarian 4 Jul 94 p 2

[Report by correspondent Vulcho Milchev from Kurdzhali]

[Text] The DPS [Movement for Rights and Freedoms] will apply to the Presidency and international institutions, including those in Strasbourg, on the issue of the use of the Bulgarian language in the army. DPS leader Ahmed Dogan declared in Kurdzhali on 2 July. He threatened "very strong resistance" if there is even a hint of a return to the "revival process" [forcible changing of names of ethnic Turks in 1984-85].

"If this passage remains in the law in its present wording, we will have further possibilities of reacting. What would happen if we come out with a declaration and the soldiers of our nationality in the army refuse to obey this passage," asked the DPS leader, who was visiting Kurdzhali for a meeting of local DPS activists. "A more radical measure would be to declare a general boycott on the barracks," he said, and added: "So you see, we do have more dangerous ways of bringing pressure to bear."

The DPS leader does not exclude the possibility of a new cabinet being formed within the term of the present parliament. He believes that the deputies of both the left and the right are hesitant about holding elections in October or November. According to Dogan, the conclusion of the foreign debt agreement creates a new situation.

The Kurdzhali region remains a bastion of the DPS, Dogan said at a news conference following his meetings. He said there is no question of any split in the movement. It is the aim of the DPS to dissuade its intelligentsia from emigrating to Turkey and to induce them to join in governing the country. Unofficial statistics show that at least 25 village mayors in the Kurdzhali region have abandoned their posts to leave for abroad.

Dogan assured the journalists that during his visit to Turkey President Zhelev will raise the question of visa-free travel for members of separated families. In recent years about 100,000 people have emigrated from the Kurdzhali region.

According to participants in the conference with local DPS activists, the central topic was whether it is possible to gain control of economic power. It was said that the way to achieve this would be to appoint DPS people to the managements of companies and to purchase enterprises.

Ahmed Dogan's visit was also awaited because of the longstanding conflict surrounding Kurdzhali's mayor Ismet Saraliyski. In the middle of June the DPS municipal council withdrew their political confidence in him, after which the district council imposed "a veto on the no-confidence vote." Shortly before Dogan's arrival, the chairman of the DPS municipal council admitted his "political gaffe" and resigned.

The DPS leader made no public statement on the problem, but he is said to have declared during the closed meetings that what the DPS needs now is unity, not votes of no confidence.

Prime Minister Views Upcoming Asian Visit

AU0807005994 Bratislava SME in Slovak 6 July 94 pp 1, 2

[Interview with Prime Minister Jozef Moravcik by Maria Hluchanova; place and date not given: "If We Do Not Communicate With Europe and the World, It Can Easily Happen That Europe and the World Will Pass Us By"]

[Text] Today, Slovak Republic Prime Minister Jozef Moravcik is leaving for an official visit to three Asian countries: India, Vietnam, and Indonesia.

[Hluchanova] Sir, why are you going to visit precisely these three Asian countries?

[Moravcik] In view of their economic and human potential, as well as their growing political and economic importance in the world community, these countries constitute one of the priorities of Slovak foreign policy in the Asian region. The main importance of India to Slovakia lies in the economic attractiveness and in the marketing opportunity for Slovak products (including special technology) on the vast Indian market that can absorb large quantities of products. In Vietnam, we want to build on the traditional cooperation between our countries in the past, while stressing its economic aspects. Indonesia is one of the most dynamically developing countries in the Southeast Asian region, which creates conditions for the development of economic cooperation between our countries.

[Hluchanova] Which talks will be of primary importance for the Slovak delegation and why?

[Moravcik] Talks with the prime ministers of the individual countries, at whose invitation our visit is taking place, will be the decisive ones. Talks with supreme officials of those countries will also be important, as well as the meetings between Ministers Kanis and Magvasi on one side and their counterparts on the other. Talks on the highest level are a prerequisite for creating room for discussion between financiers and entrepreneurs of both countries. This is one of the reasons that a group of precisely these kinds of people is part of our delegation. There should be about 40 of them.

[Hluchanova] You are going to sign several contractual documents. What will they be about?

[Moravcik] The basic contractual framework is given by the treaties to which Slovakia is a successor. At present, some treaties are being renegotiated according to the needs of individual sectors, and new treaties are being prepared. During the visits, treaties will be signed on cooperation in the spheres of economy, commerce, science and technology, and health care.

[Hluchanova] Can you dismiss, in advance, arguments that may appear later—that is, arguments that this trip was yet another tourist mission at government level?

[Moravcik] Receptions that have been organized to take place during the visit confirm the visit's importance. This importance is also augmented by the prospects and position of India, Vietnam, and Indonesia on the international scene and the attention the advanced countries are paying them. After each trip involving the government, the results of the trip are discussed by the entire government Cabinet. The ministers of individual sectors receive specific tasks, the fulfillment of which should be particularly beneficial to Slovakia's economy and also politics. If someone calls this tourism, he only shows that he would like to withdraw into his shell. Slovakia, however, is a small country, and, if we do not communicate with Europe and the world, it can easily happen that Europe and the world will pass us by, be it from the north, the south, the west, or the east.

Schmognerova Reviews Economic Achievements

AU0807100094 Bratislava HOSPODARSKE NOVINY in Slovak 6 Jul 94 pp 1, 3

[Letter from Slovak Deputy Prime Minister Brigita Schmognerova to HOSPODARSKE NOVINY Chief Editor Peter Kasalovsky on the fulfillment of the Slovak Government's policy statement; place and date not given: "More Conceptual and More Coordinated Policies"]

[Text] As deputy prime minister for economic policy, I am responsible for ensuring that the Slovak Government's fundamental economic plans and aims expressed in its Policy Statement of April 1994 are adhered to.

In the statement, we undertook the following:

1. To proceed from longer-term plans for the Slovak economy's development, the most important of which is to accelerate the actuated process of the economy's transformation;

2. To adhere to the fundamental aims and priorities of economic policy for 1994, the aims and priorities that were the starting point for drafting the 1994 state budget and that are contained in the Memorandum on Economic Policy for 1994—first and foremost, to achieve macroeconomic stability, create a favorable business environment, and support development plans.

Apart from this, we also committed ourselves to maintaining the social tolerability of transformation and to conduct a social dialogue to achieve generally acceptable solutions in the interest of conserving social peace.

In our first 100 days of government, how have we succeeded in implementing our plans, where are the greatest shortcomings, and what is my share in the pluses and minuses?

Of the transformation processes, we have managed to get the furthest in transforming ownership relations. The registration of investment funds and coupon investment

holders will get off the ground in September in preparation for the second wave of coupon privatization. Coordination between the ministries in this sector and [Privatization] Minister Janicina, in which I was involved, has helped to resolved many contentious issues about the extent and method of privatization.

The first of the transformation laws in the social sphere is the law on child allowances, which the National Council of the Slovak Republic approved after more than 100 days of this government, although in a slightly different form than the one we had submitted. So far, we have not managed to make more substantial progress in transforming the banking sphere or in developing the capital market and the labor market.

The government started from the beginning to assert a measured budget policy in an attempt to keep budget management "on a tight rein." It submitted a package of measures to mitigate budgetary risks and, among other things, a package of fiscal measures, for which it earned the biased sobriquet of "restrictive government" instead of the more favorable "responsible government." This policy also creates prerequisites for maintaining a stable exchange rate, relaxing the excessive credit restrictions, and moderating price increases. It brought to a conclusion negotiations with the International Monetary Fund on obtaining a standby loan, which will not only help to maintain the koruna's internal convertibility but is also a "mark of quality" that expresses the confidence of the most important international financial institution in the Slovak Government's economic policy. As deputy prime minister, I took the negotiations with the IMF under my auspices at the "highest level."

In an effort to prevent a price increase, to support the competitiveness of Slovak production, and to increase the negative motivation of the loss-making enterprises, the government has decided to regulate the growth of wages, above all, in these enterprises. The wage regulation, the so-called social fund, and the law on family allowance were the "hottest" items on the agenda of the talks with the social partners. Although the social dialogue had its sudden reversals, we have managed—perhaps it was also through my contribution—to find a compromise and maintain the social orientation.

The contribution to a favorable business environment has consisted mostly of stabilization measures so far, but some measures in the legislative sphere will soon become evident and will, for instance, contribute to an improvement of the competition environment (the amendment to the law on economic competition), increased motivation in exports (the amendment to the law on the value-added tax), etc.

So far, the development intentions of the government have been implemented more slowly than we want. The credit schemes for the support of the small and medium-sized businesses—the utilization of the European Investment Bank and the Japanese EXIM Bank credits, for instance, which I, myself, partly supervise—are starting with difficulties. The support of the entry of foreign investors has been reflected in several successful investment missions, one of which, organized by the U.S. OPIC [Overseas Private Investment Corporation], I have personally initiated. Although the general conditions for the entry of investors have improved—the economic and political stability increased—some obstacles in the legislative and administrative processes in the approval of the foreign investors' entry have not yet been overcome.

If someone denoted this government a "tourist" one, he unwillingly indicated that the government is making attempts to also produce foreign prerequisites for the development of the Slovak Republic. The development of foreign-economic relations cannot be realized purely on domestic soil. I want to claim for myself at least some of the results of the session of the International Commission for the Business-Economic and Scientific-Technical Cooperation in Russia, which not only significantly contributed to the settlement of Russian debts but also accelerated the implementation of several projects that will create new jobs in our country.

One of the most complex issues, which we are beginning to tackle, is the financial restructuring of the enterprise and finance sphere. It has transpired that the measures hitherto have only brought partial results and that this problem requires a much more complex approach, substantial funds, and time. To generate some of the funds, we have accelerated the talks on the World Bank loan under the denotation of EFSAL [possibly Economic and Financia' Strategic Adjustment Loan] that I, in my post, must coordinate.

What do I consider to be my success? In addition to my share in what I mentioned earlier, that the approach to the economic policy is becoming more structured and coordinated. Nevertheless, I am far from satisfied. It will be necessary, among other things, to prepare certain innovations in the distribution of power among the bodies of state administration, create a genuine coordination body for the economic policy with executive powers, appoint competent officials to it, etc.

President Relieves Media Officials From Duties

LD0707152694 Budapest Kossuth Radio Network in Hungarian 1400 GMT 7 Jul 94

[Text] The president of the Republic has relieved Laszlo Csucs, deputy chairman of Hungarian Radio, and Gabor Nahlik, deputy chairman of Hungarian Television, from their duties as from tomorrow. In accordance with an agreement reached with the political parties, Acting Prime Minister Peter Boross proposed that the deputy chairmen, who had been performing the chairmen's duties, be relieved from their positions, but he did not make any proposals concerning the appointment of new deputy chairmen.

In their letter to Arpad Goncz, Gyula Horn and Ivan Peto, chairmen of the parties of the future government coalition, regard the request for the removal of Csucs and Nahlik as justified. Gyula Horn and Ivan Peto asked the president to ensure that the leadership functions at television and radio be performed according to the normal system of deputizing until the new leaders are appointed.

Fidesz County Chairmen To Challenge Orban

94CH0326A Budapest NEPSZABADSAG in Hungarian 20 Jun 94 pp 1, 4

[Article by Attila Gy. Fekete: "Twelve Angry County Chairmen; Palace Revolt at Fidesz in the Making?"]

[Text] *A palace revolt is in the making at Fidesz [Federation of Young Democrats]. Sources close to the party's board and executive committee told NEPSZABADSAG that at the party's congress, 10 or 12 county chairmen plan to force Viktor Orban to review his political concepts. We were told that this also explains why the Fidesz group of parliamentary representatives is not going to choose a leader at its organizing meeting next Monday. The 12 county chairmen are not going to nominate a candidate to oppose Orban, however.*

The Fidesz group of 20 parliamentary representatives is holding its organizing meeting this morning. Although the bylaws provide for the election of a group leader at the first meeting, this is not included in the agenda at this time. At a news conference following the party's national board meeting three weeks ago, past party chairman Viktor Orban justified the fact that no parliamentary group leader would be elected by saying that the party did not want to make personnel decisions before its 9 July congress, when they were supposed to assess their election defeat. Orban's argument was not welcomed unanimously by members of the parliamentary group; from a legal standpoint, the group of representatives is independent from the board, the board has no power dissolve the group, and not even the congress has power to make decisions with a mandatory effect on the parliamentary group. Many members of the executive committee—several of whom are expected to be forced to leave—understand that the election of a group leader had been postponed based on tactical considerations, to comply with Orban's wish that the congress elect Laszlo Kover as a member of the executive committee.

But if the delegates decide differently, the Orban team could force the election of Kover as the leader of the parliamentary group, and thus, even despite the will of the congress, Kover could become a member of the executive committee. The parliamentary group leader is also an ex officio member of the executive committee.

According to our informers, a significant number of the county chairmen are dissatisfied with the executive committee. They are outraged by the fact that the party leadership did not learn its lessons from the election fiasco, and that it attributed the shameful defeat to external circumstances. For example, the county chairmen could not accept a statement by Orban which named lack of organization in the party as one of the reasons for the fiasco. He did so, even though in the countryside the number of Fidesz groups has multiplied during the past several years, and unlike in the 1990 elections, the party ran candidates in every voting district.

Our informers state that the "insurgent chairmen" do not want to oust Viktor Orban because they, too, believe that he is the only potential candidate for the chairmanship. They would like to persuade Orban, however, to revise what in their view is an excessively rigid political line. Further, they would like to prevent a situation in which Fidesz rushes into the arms of the MDF [Hungarian Democratic Forum]. They want more stringent control over activities at the highest level of party leadership. They believe that the election fiasco did not prove correct decisions made earlier by the executive committee. For now, the "insurgents" asked that their names not be revealed. They did so, in part, because of the offices they presently hold, and in part because, according to them, the party leadership has already taken certain steps to prevent a palace revolt. For example, the agenda for the congress is being prepared in a way making it impossible for the various counties to unite against the national leadership.

Charges Against Military Officers Detailed

94CH0317A Budapest MAGYARORSZAG in Hungarian 17 Jun 94 p 6

[Article by Szilard Deak: "Fuel and the Uniform; Indictments in the Oil Colonels' Case"]

[Text] It took more than a year to prepare indictments relative to the oil corruption case at the military. The big question is, to what extent the suspects, most of whom hold the rank of lieutenant colonel, cooperated with the oil-diluting mafiosos of the civilian world. In general, how did private merchants, providers of oil, get behind the walls of the top secret storage bases? Is it conceivable that at most, only colonels were aware of this series of fraud that lasted for almost four years, and involved billions?

As reported before, certain leaders of the military fuel supply service took advantage of the huge storage bases, they forged documents for huge volumes of fuel, manipulated kerosene needed for war planes, and diluted diesel fuel, to mention just a few of the criminal charges. Their activities grew by stunning proportions; Hungary's strategic supplies needed for combat readiness have been threatened more than once. By taking advantage of the confusion caused by the political system change, the suspected high-ranking officers established a limite - liability corporation as early as in 1989, in which 83 percent of the actual capital was contributed by the army. Despite this fact, 60 percent of the net profits were pocketed by the men with golden epaulets, and not by the army.

The oil colonels figured out that with a bit of cleverness, the kerosene used in war planes could be diluted to produce outstanding diesel fuel. To top it off, kerosene imported on the basis of fictitious military papers was tax free, with each kilogram of kerosene costing not more than seven or eight forints. According to the most conservative estimates, about 30,000 metric tons more kerosene entered the country under the army's seal than what was being used in times of peace, or what has ever been stored.

But this is still only the tip of the iceberg. The colonels began working on developing their own service station network, quite obviously for the purpose of selling the "laundered" fuel with the least difficulty. Container wells procured from Germany for the Hungarian army were sold or leased to business partners, and to reliable acquaintances.

Merchants stored their own fuel on military bases. This was leased storage, and they paid eight forints per kilogram of fuel stored. At the same time, army fuel supplies were being stored by privately owned storage facilities. At the military storage plants at Felcsut, Hetenyegyhaza, and Tarnaszentmarton, the fraudulent practice went on very securely, behind barbed wires, guarded by young soldiers who had no idea of what was going on. The situation would fit into a comedy: From time to time "enlisted men" were called upon to help count the millions that were cashed in. The partners frequently used shopping bags with advertisements to carry bundles of bank notes to the bases. Just before prices were increased, the limited liability corporation colonels filled up the huge tanks, and who knows from where they obtained the strictly confidential information regarding upcoming price increases.

It should be obvious that some help from higher ups—if none other, inappropriate attention to internal and external controls—was needed to accomplish the four-year, multibillion-forint tax fraud and oil adulteration. Nothing proves the high connections of the lead actors more than the fact that after exposing the scandal, several persons were retired as a reward, in total disregard of investigations conducted by prosecutors. Military discipline not withstanding, the "consideration" manifested in retiring these persons triggered such a great uproar that the already delivered, legally valid determinations had to be withdrawn, and in the end, the colonels were discharged from the army on disciplinary grounds. The fired soldiers did not remain unemployed for a single day, however, for a few days after their discharge they acquired high positions at a limited liability corporation involved in fuel trading, positions akin to those established by the leaders of the former AFOR [State Heating Oil Corporation].

The scandal became exposed by pilots complaining about contaminated fuel. The fuel became contaminated because the oil colonels' least concern was the safety of airplanes. The undocumented kerosene probably originated from the countries of the former Soviet Union and caused a special kind of contamination in the military storage tanks used for buying and selling. This resulted in some mucous compound that could also endanger the safety of supersonic airplanes. Experts do not rule out the possibility that the most recent flaw discovered in five of the MiG-29 airplanes purchased recently may be traced to this contamination. The repair of a single turbine may cost as much as 60 million forints, according to estimates....

The tight financial situation provided opportunities for doing business. In essence, when the budget law provided that beginning in 1989, soldiers would have to produce 10-12 percent of the revenues needed to maintain the army, it called upon soldiers to pursue civilian business activities. In 1993 for example, the military had to produce between eight and eight and a half billion forints of the approximately 65 billion military budget. Of course, all this does not justify the incredible laxity of controls, the fact that there simply is no trace in the records of transactions involving many millions of forints, and that practically no one checked the use of rubber stamps capable of conveying extremely large benefits. This is so despite the fact that payment of customs duties and general sales taxes was waived if military papers accompanied an individual shipment. Prosecution and court experts still have quite a lot of checking to do in order to sort out from among many hundreds of thousands of invoices the ones that seemingly relate to military shipments on paper, while in reality they only served to benefit private merchants and officers engaged in doing business.

We understand that a number of times Defense Minister Lajos Fur ordered internal investigations of the military fuel supply service, but the uniformed auditors found everything in the best order each and every time. This went so far that the leaders of that service were decorated and promoted not long before they were exposed. The customs service also treated this matter in a grandiose fashion. More than once they were satisfied with words of honor to the effect that the uniformed shippers would, later on, mix into the Diesel fuel the required dye, so that it could only be sold as heating oil.

Most certainly, fuel volumes of this magnitude could be sold for nearly four years only with the help of a major sales network. Officials in charge at the military were aware of this fact, and for this reason, as a result of selling so-called mobile gas pumps—with the involvement of friends and business associates—they established direct contact with consumers. This is how the potential risks were minimized, and the potential profits maximized.

Well before the scandal was exposed, and after the initiation of investigations by prosecutors, the soldiers already under preliminary arrest for an extended period of time but not yet suspended from their duties proved to be so sure of themselves that they were willing to talk to their military superiors only through their lawyers. This was the subject of a complaint by a high ranking officer of the military supply directorate, as described in an internal publication of the military.

According to one testimony, the largest revenue source was storage just before fuel prices were increased, at which time they filled the large-size military storage tanks to the top. The proceeds must have amounted to many millions of forints, even if profits materialized only at the level of one forint per liter. For whom and to what extent it was worthwhile to prematurely leak information on upcoming price increases is yet another question.

The military limited liability corporation was engaged in many businesses, in addition to oil trading. The most interesting thing is that a Canadian firm that sells health care and hospital equipment also had offices at one of the storage tank facilities. The firm used these facilities to deliver health care equipment to several Hungarian hospitals, and, on occasion, also to the military. Characteristic of the large-scale business transactions, and of a peculiar kind of collusion, is the fact that the head of this firm also had to be questioned for several days by the investigating authorities.

We could continue to discuss at length the various chapters of this unusual story. The biggest business was, by all means, the abuse that involved the shipment of kerosene. This is so because airplane fuel is highly suitable for mixing with a certain proportion of Diesel fuel, which could produce high profits because, even today, kerosene costs at least 40 forints less than Diesel oil. True, the uniformed merchants were not choosy when it came to other types of fuel. Airplane fuel produced smaller, but not negligible profits; interestingly, the price of such fuel was adjusted to correspond with the market price of gasoline immediately after the case was exposed. In this respect it seems that reclaiming the general sales taxes caused no problem, while in the case of kerosene, the military still obtains that fuel exempt from general sales taxes.

The story is not yet complete. APEH [Office of Tax and Fiscal Auditing] is dealing with the tax fraud aspects of the case, the Customs and Revenue Police is dealing with customs duties that were not paid, and investigators of the police white collar crime unit are investigating business enterprises that were mixed with civilians. So far the indictment has only reached the military prosecutor's office. On occasion, the activities of the oil colonels, in particular, exceeded all conceivable limits. They even sold wartime military reserves if that served their interests. Not even the so-called M-line drawn on tanks, previously regarded as a taboo by the military, was heeded.

[Box, p 6]

Trial in October

The Military Council of the Budapest Court is going to begin the trial of the military oil crime in the middle of October, at the earliest. Military Judge Colonel Robert Hildenbrand—the judicial council chairman designated to conduct the trial—said that the military prosecutors proposed that 13 judicial experts and 64 witnesses be examined in the criminal proceeding, which involves 36 defendants. Hildenbrand further said that the indictment has been classified top secret; this was justified by secrecy rules related to the combat readiness of troops. For this reason the court is going to conduct a closed trial. Hildenbrand added that military prosecutors have indicted retired Colonel Arpad Dosa, the former commander of the Hungarian Honved Forces fuel supply center—the first class defendant in the criminal case—on 102 counts of endangering combat readiness, five counts of embezzlement in violation of duties, fraudulent breach of trust causing particularly great financial loss, and the crimes of tax fraud and embezzlement. (MTI)

Illegal Financial Institutions 'Cheat' Public

94CH0327A Budapest MAGYAR NEMZET in Hungarian 20 Jun 94 pp 2, 13

[Article by L. Istvan Kovacs: "Fabulous Interest Rates—Illegal Financial Institutions: Caution, They Cheat!"]

[Text] At present 132 unauthorized enterprises illegally pursue banking activities in Hungary. They have more than 200,000 clients. Columns of advertisements promising a 40 percent return (often without showing the name of the firm) are published in newspapers. Only five of 50 of these firms have business licenses, at best. The first "show trial" has also been completed, and we may count on seeing more of these in the near future....

Illegal banking activity is an interesting type of crime related to the economy; it relies mostly on the gullibility of good faith prospective investors. The absence of specific legal prohibitions so far has also made it easier for adventurers to pursue irregular transactions.

The pursuit of unauthorized, illegal banking activities has become a crime only in early 1994.

These firms readily collect deposits and lend money, or act as intermediaries in capital acquisition, an activity normally pursued by banking agents.

We talked to Division Director Ildiko Szabo. Mrs. Ujlaki at the State Banking Supervision. She says that all her office is able to do is to watch the newspaper advertisements and to follow up on reports filed by the public. Her office initiates proceedings based on general rules of state administrative procedure if there is substantial ground to believe that laws are being violated.

They follow up to find out what kind of activity a given firm actually pursues, and if the activity is illegal, it is the Banking Supervision's ex officio duty to file a complaint with the economic crimes division of the police. An investigation begins at that point, and if sufficient evidence of a crime is found, the enterprise engaged in illegal banking activities is taken to court.

These firms hold out the promise of fabulous interest rates and returns, but, on occasion, take advantage of uninformed clients and offer loans with interest rates well below the rates offered by banks. The trickery in such transactions becomes apparent only when the discomfited client discovers that the interest rate he has to pay is a monthly, not an annual rate, and that the loss incurred is quite substantial.

Proving that a given banking activity completes the elements of a crime is not easy because contracts are being entered into which, in reality, cannot be called contracts. In some instances, clients approve contracts for which they receive no consideration whatsoever. These contracts frequently establish only a single condition: the purpose for which the adventurer enterprise may use the money invested by the client. Only the informational bulletin provided to the client indicates the kinds of services the client receives in exchange. But offers printed in informational bulletins are not binding, thus providing an opportunity to mislead good faith investors.

Damages resulting from such transactions could range from a few thousand forints to several million forints. The Banking Supervision maintains a separate list of firms pursuing suspect activities, and this list is expanding daily. The Banking Supervision's efforts to control such activities is made more difficult by the fact that unauthorized banking activities have become a crime only as of 15 January. For now, however, the public mistakenly believes that pursuing any kind of banking activity requires a permit from the Banking Supervision. This, too, facilitates the operation of these enterprises.

The truth is that purchasing checks, discounting and buying notes, managing or depositing securities, as well as financial leasing or factoring are not subject to approval by the Banking Supervision. The Banking Supervision is obligated to register any legal entity with five million forints of paid-in capital, and an application for registration pending before the Court of Registry. A permit from the Securities Supervision is also needed for the management or depositing of securities.

From among the classic banking activities of managing accounts, collecting deposits, and lending, these firms pursue only the latter two. The situation is the same with capital acquisition, i.e., with banking agent activities, which, according to rules, may be pursued only by banks or by another legal entity authorized by a bank, subject to permission by the Banking Supervision. In collecting deposits for Postabank, the Hungarian Postal Service acts in such capacity. But the Postal Service is the only legal entity authorized to do so.

Since unauthorized, illegal banking activities have been declared to be punishable crimes only a few months ago, and since proceedings initiated thus far may be protracted, enterprises like this are able to pursue their machinations freely. This will continue to go on until these entrepreneurs are fined, or sentenced to up to two years of community service or in prison, based on the judgment of a court. Not a single case of this nature has entered the adjudicative phase, to be sure.

[Box, p 13]

"I have a distressing view of the lending activities of Hungarian banks," the managing director of the A&M Financial Office says. "Persons in need of money are often refused credit even if they comply with every condition. The money flows out somewhere through the internal banking channels. And even if a person is granted a loan, he has to pay interest amounting to almost 30 percent after that loan. There is no honorable way for an enterprise to earn a 30 percent return, only dishonest activities produce this kind of money. They are forcing entrepreneurs not to be deterred from breaking laws in hopes of greater profits, if you will. Incidentally, private lending exists everywhere in the world; this serves people who are unable to comply with the expectations of banks, nevertheless need to borrow money."

Agricultural Situation in Transcarpathia Examined

94CH0321A Uzhhorod IGAZ SZO in Hungarian 14 Jun 94 pp 1-2

[Article by Gyorgy Csanadi: "A Better Harvest Than Last Year"]

[Text] The chief agronomists of the state farms boarded a bus in Beregszasz [Berehove] recently, to jointly inspect the fields in Nagymuzsaly [Muzhiyeve], Borzsova [Borzhava], Vari [Vary], Badalo [Bodoliv], [Tisza-]csoma [Choma], Macsola [Mochola], Beregdeda [Djidovo], Nagybegany [Velyka Bygan'], Beregsom [Derenkovets], Botragy [Batrad'] and Makkosjanosi [Yvanivka]. This tour was not meant to revive the outmoded tradition of inspecting progress in the socialist competitions. As Laszlo Roman, deputy chairman of the rayon administration, noted: Sometimes it is necessary for the experts to look around in the rayon industry, to

see how work is progressing on other farms, and to learn from one another's mistakes.

Before reaching Nagymuzsaly, the bus stopped for a few minutes at the hill covered with vineyards, on the left side of the highway. Laszlo Roman called attention to the enormous difference between the vineyards cultivated by sharecroppers and the ones cultivated collectively—i.e., by brigades. Indeed, the vineyards on the hill's southern slopes toward Nagymuzsaly are beautiful, their rows free of weeds. In the vineyards right next to them, however, at least 50 percent of the stalks in the rows are missing, and the existing stalks can barely be seen in the mass of weeds. For their labor the sharecroppers will be getting 50 percent of the crop from the Nagymuzsaly Vineyards. Therefore it is no wonder that they are in the vineyards from dawn to dusk, hoeing the rows, tying and trimming the vines, and diligently replanting the gaps in the rows. Even when we were there, we saw people stooping and moving about in the rows, while not a single soul was working in the neighboring vineyards. This is convincing proof that the one-time international reputation of our grapes and wines can be regained only if we introduce individual cultivation by sharecroppers. In some of the vineyards cultivated by sharecroppers there are already promises of yields of 100 quintals of grapes per hectare. The collectively cultivated vineyards will be lucky to harvest a fifth of that.

In viticulture, then, individual cultivation is the thing of the future. In other branches of farming, however, the situation is not so unambiguous. Wherever we went, we saw fallow plots. It turned out that, without exception, these plots now belong to individual farmers. There were plots with half or a third of their area left unplowed and unsown! Thus a large area of farmland has dropped out from production, growing nothing but weeds.

The farms cannot interfere in the individual farmers' affairs, and the local councils could not care less how the hectares allocated to individual farmers are being used or what is being grown on them. Nobody is fertilizing these plots. This is nothing other than purposeful depletion of the soil's fertility.

Unless we create order in these matters, unless strict laws and decrees are introduced regarding land use, our entire agriculture might be swept to the brink of ruin.

There are, of course, also honest and diligent farmers. But the majority merely expect to exploit the soil for three or four years without fertilization, thereby ruining it, and then to abandon the land. This is a very serious problem, and its resolution brooks no delay.

Besides preparing for the harvest, haymaking requires the most labor on the farms at present.

In Vari, half of the hacks in the fodder yard already are filled with scented hay of excellent quality. Haycarts were arriving one after another even when we were there. More than 200 metric tons of hay from the first moving has been stocked so far. The workers may take 20 percent of the gathered hay home, and that is why so many have volunteered for this work on the farm. Over 550 tons of haylage has been made up to now. There is every reason to expect no shortage of fodder for livestock production on the Borzsova-Vari Farm. There is great need for an adequate supply of fodder, because livestock production had deteriorated considerably during the winter months. The average daily milk yield per cow had dropped to 700 grams.

There were very many workers in the onion plot. Unfortunately, the farm had committed a serious blunder in the spring: It had neglected to roll the plot after planting the seed onions, and the onions emerged and developed poorly. Because herbicides had been applied late, the plot is overgrown with thistle. The farm's management has now parceled out this section to sharecroppers for individual cultivation. Each sharecropper has undertaken to cultivate eight rows (approximately 0.08 hectare). The sharecroppers will get 20 percent of the crop if the yield is 80 quintals or less, and 40 percent of the crop's yield above 80 quintals. A huge number of sharecroppers volunteered on these terms, in spite of the fact that it will now take a lot of hard work to put the section in order. The recent rains, followed by the sudden arrival of hot weather, have formed a rock-hard crust on the clayey soil. The sharecroppers are attacking the thistle with hoes, and are carrying the uprooted thistle in baskets to the edge of the plot. Only then can they begin to loosen the soil. But the rows of onions look nice on the plots the sharecroppers have already hoed by diligent hard work, and the prospects of an abundant onion crop are good.

The farm's 358-hectare orchard is a depressing sight, despite the diligence and effort of the workers assigned to it. Disk-harrowing in the spring was neglected, because there had not been enough fuel for the orchard. Now the trees are standing in waist-high weeds. Since there is still no fuel, the farm has chosen the only remaining alternative—to move the grass between the rows and under the trees. Thus the orchard will provide an abundance of hay, but will produce much less fruit than last year. And the trees are certain to be worse off from this "technology."

At least there has not been any serious shortage of chemicals so far. Ferenc Kovacs, boss of the orchard section, tells us that the orchard has been sprayed five times up to now. But the chemicals are running out, and the parasites—particularly the leaf-roller and codling moths—are multiplying more and more.

Ferenc Kovacs expects an average crop this year. The yields of the Jonathan and Starking apples will be especially high; the Golden Delicious variety is expected to do less well. To add to the problems, the farm does not yet know what to do eventually with its apple crop. Last year there were no buyers for about 1,200 metric tons of apples. Such a thing must not be allowed to recur this year.

Unfortunately, the farm cannot expect much help from the Stockpiling Office. Stockpilers offered merely 4,000 karbovantsi [Ukrainian currency] for strawberries, when their market price ranged from 10,000 to 12,000 coupons. Understandably, the farm was unwilling to sell its crop for such a low price; instead, it preferred to process the strawberries into juice and jam in its cannery.

Winter grains are doing well on the Vari Farm, as well as on the farms in Nagybakta [Velyka Bakta], Beregdeda, Nagybegany an Bo agy; experts are predicting average yields higher than 4 quintals per hectare. The barley is turning gold; it will be ready for harvesting within a week or 10 days. Naturally, there is a big difference between the sections that were treated with herbicides and the weed-infested sections that were not. Strong winds and the recent rains have caused the barley to lodge in some places, and its harvesting will not be easy. Despite the poor supply of spare parts, all the farms we visited have put most of their harvesting combines in order. But there is a shortage of V-belts, which are almost impossible to obtain. Yet the most combine stoppages during the harvest are caused by broken V-belts. The procurement of fuel and lubricants is also uncertain for the time being. It would be a great shame if the commencement of the harvest were delayed for this reason.

Learning from their sad experience of wintering over their livestock last winter, the farms everywhere are devoting close attention to storing feed and fodder for winter. The Nagybakta Experimental Station, for instance, has already prepared 2,400 tons of haylage and is expecting to make at least that much more. The fodder-beet crop on that farm is developing very nicely. That crop has been parceled out everywhere to sharecroppers for individual cultivation. Incidentally, the Nagybakta Farm expects 55-quintal record yields of wheat and rye per hectare.

In Beregdeda our bus stopped next to the tobacco plot. It was well worth it to linger there longer!

This farm is growing tobacco according to the technology developed by the Philip Morris Company. The company is supplying the transplanting machines, the spraying and irrigation equipment, and the seed and chemicals. For this the company is claiming four quintals of the tobacco per hectare. This technology guarantees a yield of 15 quintals of tobacco per hectare. But the Beregdeda Farm is expecting a much bigger average yield—between 20 and 25 quintals.

This section had been hill-tilled, and transplanting machines were used to set the transplants (at least 18 centimeters tall) 30 centimeters apart. There has been no thinning, and the tobacco plants are developing nicely on the entire plot. Because the transplants had been set in hills and a deep furrow had been left between hills, there is no danger of the tobacco plants being washed out.

However, the fact that tobacco of the Virginia type has to be heat-cured, but the farm for the time being does not have sufficient fuel for this purpose, is creating a problem. The Philip Morris Company's local office in Kiev is willing to help, but is demanding tobacco in exchange for the fuel. There is much less trouble with tobacco of the Burley type, which can be air-cured in sheds.

Tobacco of both these types is more valuable than the Szabolcs varieties acclimatized to our region. However, the Beregszasz Tobacco Fermentation Plant is unwilling to pay more for the former types. It would be a good thing to settle this problem before the autumn.

Antal Santa, an expert attached to the Philip Morris local office in Nyiregyhaza, is a frequent visitor to this farm. He carefully and strictly oversees the tobacco growers' compliance with the technological regulations, and sees to it that all work is performed properly and on time. The possibility is not excluded that in the autumn this 20-hectare tobacco plantation might rescue the entire farm from its difficult financial situation.

During our entire tour, and particularly in the tour's wrap-up in Botragy, the farms' experts made many critical comments about the plants and organizations that supply agriculture. At Agricultural Chemicals, for instance, none of the managers or experts is available on weekends, beginning with Thursday. Nor is the Stockpiling Office equal to its mission. There is also much trouble with the bank: The farms are unable to obtain loans or advances on this year's crops. And, without money, the farms are unable to buy fuel, chemicals, artificial fertilizers, and many other things.

Crop yields this year will be better than they were last year. It would be a shame if we were unable to harvest and market the crops in due time.

Bank Planned for Mid-Level Entrepreneurs

94CH0326B Budapest MAGYAR NEMZET in Hungarian 20 Jun 94 p 13

[Interview with Miklos Szigethy, first deputy director of the Kereskedelmi Bank, by Varju; place and date not given: "Loan Application Reviews May Be Accelerated; When Will Medium-Size Entrepreneurs Have Their Own Bank?"]

[Text] *The Kereskedelmi [Commercial] Bank Corporation is working on a project to establish a bank for medium-size entrepreneurs. Plans call for the establishment of a new financial institution consisting of a network of 40-50 banking offices in Hungary. In addition to Kereskedelmi Bank, Konzum Bank would also be a part owner, and to produce the needed capital, the involvement of a foreign investor appears to be unavoidable. Deputy Chairman and President Miklos Szigethy provided details concerning the establishment of the new bank.*

[Szigethy] The financing of medium-size entrepreneurs through loans has, unfortunately, not been resolved in Hungary. Even though very many people engage themselves in enterprising, these entrepreneurs do not have

the security required, in the standard sense of lending practices. We must realize, of course, that the complete change to be implemented in the Hungarian marketplace is not a one- or two-year task, and therefore economic uncertainty will continue to prevail among these entrepreneurs for quite some time to come.

Reducing Risks

[Varju] On the other hand, several commercial banks have espoused the idea of supporting entrepreneurs. Have these initiatives been completely unsuccessful?

[Szigethy] Everyone involved in the economy performs certain functions. It is the function of banks to advance necessary operating capital to support the entrepreneurial intent in hopes of future income, funds an enterprise could produce in the future. Under stable economic conditions—with clear market directions and conditions—banks would be capable of and should feel very secure about providing credit. If, on the other hand, the market is amorphous, and the quality of enterprising is uncertain, normal credit conditions to be observed by commercial banks do not exist either. This is the situation today, and I believe that a stabilization program is indispensable from the standpoint of the Hungarian economy. Specifically, the schedule of the needed stabilization program should not transcend the election cycle. Banks are able to provide credit if risks are not higher than normal. In contrast, today's risks are high throughout the economy.

No Perfect Success

[Varju] What changes would the new bank make in the practice of capital outplacement?

[Szigethy] We believe that the new bank would fill a void by serving medium-size entrepreneurs. A practice is evolving these days, according to which large banks try to attract only the best of large enterprises. These, however, represent only 20 percent of the enterprises that need financing in Hungary. The remainder, the members of this broad stratum are the ones who have not been able to accumulate large capital during the past 40 years of social development. They do possess entrepreneurial capabilities, but are not credit worthy in the eyes of large banks because they lack capital. Accordingly, Kereskedelmi Bank Corporation has recognized the fact that certain members of the banking group must be specialized so as to service various groups of clientele; at the same time, however, the group of banks as a whole must continue to perform all universal banking functions.

[Varju] When are we going to reach the point where an entrepreneur is able to obtain credit based on a business concept, an idea?

[Szigethy] I recognize two major mistakes in our present way of thinking. Everyone expects a new enterprise to become profitable instantly, during the first year of operations. In contrast, in international business practice it is quite natural for a given enterprise to become profitable and to have a positive cash flow only in the second or third year, or, in case of large enterprises, in the fourth year of operation. They are not given a mere six months to prove their capability to function; they are also given additional time to organize manufacturing and sales. Banks abroad can and are willing to grant grace periods for the repayment of capital. Accordingly, I believe that one should not create financial situations in which entrepreneurs remain viable only if all their perceptions come true as originally planned. In reality there is no 100 percent success, because so many external circumstances influence the conduct of business. Accordingly, we should establish a right to err and a right to make mistakes; we create financial tension, which, in the end, bankrupts the entrepreneur who lacks reserves, unless we do so.

[Varju] Some kind of a financial guarantee system should be developed.

[Szigethy] Several dozen organizations that provide financial guarantees already operate in Hungary. They share the risks assumed by banks. A state-financed counter-guarantee fund has also been established. All we need to do is to systematize the risk-sharing endeavor.

Strongly Capitalized Network

[Varju] When is the entrepreneurs' bank going to receive clients?

[Szigethy] We are targeting part of our banking network to perform this task. We have 30-35 subsidiary offices, but the new bank is going to be able to function well only if it becomes associated with banks, which—although they might have a network of banks—do not have enough capital to operate their own networks. We are in the process of negotiating with Konzum Bank owned by AVU [State Property Agency], and the conditions for the merger of the banks depend on AVU. We also contacted other banks, but it would be premature to discuss this matter today. I am convinced that the new government to be formed will have to deal with the structure of the entire banking system this fall, even though this might not be the first thing to be dealt with.

We believe that this bank will benefit entrepreneurs because it will be able to better adapt to the readiness of its clientele to enterprise, and to pursue its activities. These banks will have more experts available for consultation and will be able to spend more time on helping to prepare supportive analyses. As a result of these activities, the bank is going to be able to render decisions much faster than now. This is important, because within two or three weeks they will have to be able to say yes or no to applications submitted by entrepreneurs. Unless this takes place, decisions delayed by several months threaten the enterprise itself.

New 'Successful' Cable TV Described

94CH0316B Budapest FIGYELO in Hungarian
16 Jun 94 p 18

[Unattributed article: "Cable Business: Where TV4 Can Be Viewed"]

[Text] The most exciting political debates of the recent past took place in the framework of programs created by the TV4 cable television company. Due to plummeting standards at the public service television, TV4 cable programs have replaced political shows in many places—programs that remain removed from the various political trends and therefore satisfy the expectations of a majority of the viewers.

TV4 programs are recorded in advance. Video cassettes are taken to the various cable television companies, who in turn offer these programs to their subscribers. TV4 programs are conveyed primarily to cable networks, which distribute their programs to at least 1,000 residences. Thus, in the countryside, these programs are distributed mainly by cable companies serving large cities. At the same time, however, distribution is not based on strict rules. Subscribers in small villages with as few as 200 residential subscribers, in the vicinity of large municipalities, also receive such programs. The only disadvantage they experience is that TV4 programs cannot be seen during prime time hours, and the programs are not going to be the most recent ones, but those already presented by more significant networks a few days earlier.

TV4 is rapidly developing, as that may be expected from a new and successful broadcast station. Soon there will be new programs available to viewers on a daily basis; this, however, will require TV4 to renegotiate its contracts with the various cable television companies. The following data were obtained in early June and reflect the situation while TV4 was in the process of reorganizing. TV4 programs can be viewed in 230,000 residences in Budapest each day of the week, while in the countryside, the same programs can be viewed in 600,000 households. As a result of rapid growth, the number of viewers able to receive the programs of this new television company may increase by several hundred thousands within a short period of time.

In Komarom County TV4 can be received in Tata, Tatabanya, Dorog, Nyergesujfalu, Oroszlany, and Esztolc; in Fejer County TV4 programs can be seen in Dunaujvaros and Szekesfehervar; in Tolna County cable networks carry TV4 programs in Szekszard, Paks, and Tamasi.

Clinton Meets With Pawlak, Elected Officials

LD0707120894 Warsaw PAP in Polish 1055 GMT 7 Jul 94

[Excerpts] Warsaw, 7 July—In the Sejm building on Thursday afternoon, President Bill Clinton met speakers of both Houses of the Polish parliament: Jozef Oleksy, Adam Struzik, and Prime Minister Waldemar Pawlak. [passage omitted]

During their talks, which took place in the Ignacy Daszynski room, Pawlak and Clinton were accompanied by a group of Polish and U.S. Government representatives. The Polish side was represented by, among others, Grzegorz Kolodko, deputy prime minister for economic matters, and Foreign Minister Andrzej Olechowski and the U.S. side by Warren Christopher and George Stephanopoulos, senior adviser for political matters. After the meeting with the speakers and the prime minister, President Clinton will stay in the Sejm building. He will have breakfast with his close associates. Clinton will address the gathering of deputies and senators at 1230.

Olechowski, Christopher Exchange Trade Documents

LD0707153194 Warsaw PAP in Polish 1438 GMT 7 Jul 94

[Text] Warsaw, 7 Jul—Ratification documents of the 21 March 1990 treaty on trade and economic relations between the Polish Republic and the United States were exchanged today at the Sejm by Polish Foreign Minister Andrzej Olechowski and U.S. Secretary of State Warren Christopher.

The treaty provides investment guarantees for U.S. businessmen and U.S. businessmen of Polish origin who enter the Polish market. It also defines the principles of the protection of intellectual property in Poland and the procedure for achieving full freedom of profit transfer from Poland.

Olechowski: Visit Confirms U.S. Support

LD0707174594 Warsaw PAP in Polish 1716 GMT 7 Jul 94

[Text] Warsaw, 7 Jul—We received President Clinton's visit as "very strong confirmation of support" for Poland by the United States and for Polish-U.S. friendship, Foreign Minister Andrzej Olechowski told journalists today. According to him, what was said during Bill Clinton's visit has been received by the outside world as an "expression of resolute words in the sphere of security" and that Poland is a country worth investing in.

According to Olechowski, the opening up of NATO is becoming a "realistic issue," and the Partnership for Peace program has appeared to be a greater success than could have been expected at the outset.

The head of Polish diplomacy also said that specific sums of U.S. aid, which was discussed in Warsaw, will be known next week, but it is known that they are "substantial sums."

Mixed Reactions to Clinton's Sejm Speech

WS0807102494 Warsaw RZECZPOSPOLITA in Polish 8 Jul 94 p 31

[Article by Kazimierz Groblewski: "Politicians Comment on Clinton's Speech: He Fulfilled Expectations, but There Were No Surprises"]

[Text]

Marek Borowski, Democratic Left Alliance:

I did not expect fireworks. After all, there had been no talks that would justify such expectations. Since nothing had been decided, there could not have been anything like that in the speech. Obviously, the promise of support in the implementation of "Partnership for Peace" is a positive thing. The President announced a general continuation of support for our region. So to sum up: I heard what I had expected, and I had not expected anything big. I do not, however, hold that against President Clinton.

Janusz Piechocinski, Polish Peasant Party:

President Clinton confirmed my expectations 100 percent. He repeated that the U.S. position is persistent, regardless of changes in administrations. The contention that Central Europe must first of all help itself is important. He was trying to encourage us to be more active, and he used the example of a door in which you have to put your foot to try to open it. Many people expected new initiatives, a little "Marshall plan," if you will. Still, I think the situation is not ripe for that.

After this visit, we will see a significant warming of U.S.-Polish relations at different levels.

Tadeusz Mazowiecki, Freedom Union:

Two aspects of the speech are important to us: first, recognition expressed for Polish reforms and the encouragement to continue with them. Such an assessment made by someone from outside, particularly if it is the U.S. President, is worth a lot. Second, the contention that nobody should be given a right to veto the efforts of Poland and the countries of East/Central Europe to guarantee security for themselves.

As far as expectations for increased assistance, which had been voiced before the speech, are concerned, the speech itself did not result in anything new. I do not know what the results of the bilateral talks were, and that is why I would rather hold off in making any assessments for now. The final conclusion is: I expected a more detailed position by the President on issues of importance to Poland.

Ryszard Bugaj, Union of Labor:

I am moderately satisfied with President Clinton's speech. He spoke against the possibility of endangering democracy in the East and in the West. It is important that he said that. Our relations vis-a-vis Western defense structures are another issue. The public in Poland has a right to assume that when the President said that nobody will dictate terms on who can or cannot become a NATO member, he really meant Russia. If he were to take that back now, it would shed a bad light on him.

What I would like to have been included in the speech, however, was a strong statement or two on human rights around the world. I would also prefer to see broader, new U.S. economic initiatives because the ones he mentioned will have quite limited scope.

Leszek Moczulski, Confederation for an Independent Poland:

The President delivered a cordial speech. He said a few Polish phrases with a very good accent. All of that was very nice. To tell you the truth, I did not expect anything more than that. Having said that, however, I must express my disappointment over the fact that another good opportunity for formulating a serious U.S. political program for Europe was missed. The Polish Sejm was a good place for that.

Zbigniew Religa, Nonparty Bloc in Support of Reforms:

I am not surprised in either positive or negative terms. I was convinced that Clinton would fail to offer anything specific because he cannot do that. These millions of dollars of which he spoke are ridiculous and not even worth mentioning. It was just a small gift, if you like. Such gifts are customarily made on the occasion of visits such as this. I do not feel disappointed because I think that, to us, "Partnership for Peace" is enough at this stage. So I am satisfied with the speech, despite the fact that some of our citizens had expected some form of marvelous gift or gesture, such as, for instance, setting a date for NATO membership.

Walesa 'Not Disappointed'

LD0707140494 Warsaw PAP in Polish 1333 GMT 7 Jul 94

[Text] Warsaw, 7 Jul (PAP)—I am not disappointed with the speech, Lech Walesa told a PAP journalist after Bill Clinton's address to the senators and deputies of the Polish Republic today. President Walesa said that Bill Clinton's speech contained a considerable number of different topics and we have to review them again calmly.

Clinton's Departure From Warsaw Reported

LD0707174894 Warsaw PAP in Polish 1728 GMT 7 Jul 94

[Excerpt] Warsaw, 7 Jul—Following the end of his official visit to Poland at the invitation of President Lech Walesa, U.S. President Bill Clinton and his wife, Hillary, left Warsaw on board the Air Force One plane just after 1900 today.

The guests were seen off by Janusz Ziolkowski, head of the Chancellery of the Polish Republic, and Foreign Minister Andrzej Olechowski.

The president was saluted by soldiers of the honor guard of the Polish Armed Forces. [passage omitted]

Clinton Visit Reviewed; Walesa 'Very Pleased'

WS0707133094 Warsaw RZECZPOSPOLITA in Polish 7 Jul 94 pp 1, 20

[Article by Maria Wagrowska: "The United States Supports NATO Expansion Eastward"]

[Text] On the first day of his visit to Warsaw, U.S. President Bill Clinton beamed with sympathy for his hosts, primarily Lech Walesa. He made assurances of the U.S.'s moral support for Poland, Poles, and our reform process. He confirmed that the Partnership for Peace is the first step for Poland toward NATO membership and that one should help Poland. Walesa amused Clinton by saying that Poland needs many American generals, such as General Motors and General Electric.

William Clinton left on his third European trip from a U.S. Air Force base on Tuesday evening at 1900, and, following a seven-hour visit to Riga, where he met with the three Baltic presidents, Air Force One brought him to Poland in the 29th hour of his trip. He will stay in Poland for 26 hours. The President took a nap aboard the plane, his aides assured reporters. So, when Clinton finally got out of the black limousine adorned with the White House seal and U.S. flag at Radziwill Palace, 46 Krakowskie Predmiescie St., he appeared rested.

We Need the United States

Accompanied by Lech Walesa, the President walked with a spring in his step and reviewed the Polish Army Honor Guard. "Hello, Mike, how are you doing?" he said to a U.S. Embassy employee who stood at the end of the line. Placed on a special dais, Polish journalists complained that they could not take pictures at the desired angle. Of course, they said with irony, Americans got better places than the Poles. At some point, Lech Walesa went over to a man leaning against a windowsill of the presidential palace and hugged him very cordially. That was Lane Kirkland, chief of the AFL-CIO, whom Clinton later praised in his speech for his services to the United States and Poland.

After the official welcoming ceremony, participated in by the spouses of both presidents, Prime Minister Waldemar Pawlak (the only one wearing a bright suit), the diplomatic chiefs of both countries, Warren Christopher and Andrzej Olechowski, the foreign ministers of the Czech Republic, Slovakia, Hungary, Bulgaria, Romania, Albania, Slovenia, and Macedonia (invited by Christopher and Olechowski), and other top officials, talks were held within a narrow circle of people. Poland has always looked up to the United States with hope, Lech Walesa told his guest. In our era, we need the leadership of the United States and its economic and military presence. The United States is the only country that wields both economic and power arguments, he said.

When and How

Our president was very pleased with the talks, State Minister Andrzej Ziolkowski told RZECZPOSPOLITA. I think the Poles are pleased with us, said a U.S. Department of State official, who wanted to remain anonymous. Following the talks, when both presidents approached the microphones to make their statements in front of 23 American and as many Polish journalists and reporters, Clinton said that the Partnership for Peace is the beginning of a process that will ultimately lead to the expansion of NATO and ensure a secure and united Europe. The most important thing is that the first joint military exercises will take place, as part of the Partnership, in Poland in September. The United States and its allies are glad Poland is a leader among the 21 countries that joined the Partnership. The United States supports NATO expansion eastward, but it will require consultations with the allies as to what the next step should be. According to members of the U.S. delegation, Secretary Christopher, aboard the plane en route to Warsaw, reiterated the U.S. belief that NATO expansio is just a question of "when" and "how."

Clinton told journalists that Walesa kept asking him about generals—General Motors and General Electric. We thought together about what needs to be done to accelerate the reform process in Poland. The United States will try to sustain East European economies, the U.S. leader assured us. Still, rumors in the lobby seem to suggest that the United States will offer Poland training programs for experts in various fields and assistance in setting up a mortgage bank. It will not, however, offer any substantial funds.

The atmosphere of the Polish-U.S. talks appears to be very cordial. Still, a small incident did happen when a REUTER correspondent and an AP reporter wanted at any cost to cross the line that the journalists were not allowed to cross. Agents from the Government Protection Bureau intervened calmly but decisively. The Polish journalists were sympathetic with the agents. Let them try this back home, Agnieszka shouted excitedly from the Polish Radio Third Program. Meanwhile, the Americans sought help from White House Spokesperson Dee Dee Meyers and from the chief of the presidential aides' team, David Gergen. Zbigniew Lewicki, from the Polish Foreign Ministry, and then Andrzej Olechowski himself apologized to the annoyed U.S. journalists.

At the Halfway Point

There was a dinner attended by 72 people sitting around nine tables in the Column Room, the same room where the Roundtable Talks agreement was signed [in April 1989]. Mrs. Clinton wore a pale pink dress and pumps of the same color, while Mrs. Walesa had on a black dress. The prime minister showed up in a dark suit.

From Poland, 13 years ago, we started down the road to a new Europe. It was Solidarity's peaceful revolution that caused the Berlin Wall to come crumbling down, President Lech Walesa said in a toast. Borders should connect and not divide. It is still a long way to this kind of Europe. I often get the impression that we have stopped at the halfway point, that we lack a vision of a united Europe, and that the West, which supported our aspirations for freedom and democracy, has no definite answer regarding the shape of the common Europe... I trust that there is still a chance of building a United States of Europe based on equal rights for everybody and common values... Europe still needs the United States at crucial moments. Central Europe cannot be the "gray zone" or a security vacuum. We require the equal economic partnership of Western states with the states of our region. Its absence can lead to the restoration of the antiquated economic ways, which can lead to the reappearance of old political influences, the Polish president stated.

In his speech, Bill Clinton emphasized that Poland is the birthplace of a new Europe and that, in many ways, President Walesa is the father of this wonderful child. Poland enjoys the moral support of all Americans, particularly that of two groups—millions of Polish Americans and trade union members. We know that the implementation of reforms is difficult and that special measures are needed to help those who have not yet experienced the positive results of reforms.

Walesa: Visit 'Very Successful'

LD0807101794 Warsaw PAP in Polish 0927 GMT 8 Jul 94

[Text] Warsaw, 8 Jul—Commenting on Bill Clinton's visit in an interview for PAP today, President Lech Walesa said that it was very successful, although voices of postcommunists who, "in different places and different situations, praised the old system" had appeared. The president did not disclose names, saying only that people "from the highest level of power" were concerned.

We know the U.S. view on communism, the president said. "If we want aid and if we are changing the system, we cannot bring such voices into the forefront. I explained that we respect democracy, that there are

postcommunists who stand no chance, and their nostalgia is their business. I stressed that the return of communism is out of the question in Poland," he said.

Walesa maintained his position that he will not sign the amendment to the Penal Code concerning abortion, even at the cost of the presidency.

Changing U.S. Foreign Priorities Noted

WS0807095794 Warsaw ZYCIE WARSZAWY in Polish 8 Jul 94 p 1

[Commentary by Joanna Krawczyk: "Sentimentality Toward America"]

[Text] The Polish media devoted so much time to President Clinton's visit that only a papal visit could warrant greater media coverage. The Polish people have again demonstrated their love of the United States and their faith in its protection, while they received the U.S. President almost as an idol who, by the way, can also work miracles.

Clinton, however, made it clear that there will be no miracles. Apart from the "The United States is with you" formula, which gets repeated often during foreign visits, and promises of insignificant financial support, the Poles were told that they have a democracy now and, therefore, their country's fate is up to them.

The Polish people find it hard to get it into their heads that the United States is changing the areas of its political interest and that it would be very glad to give up its leadership role in Europe altogether, as well as its protection of the young democracies there. The United States is now focusing its attention on the Pacific region, while, instead of foreign policy, the U.S. Administration has been concentrating on domestic and economic issues.

At the same time, the United States is looking for a successor—that is to say, a country that would be capable of assuming leadership on the Old Continent. That is why Berlin is where Clinton will say the most important things. Germany, the U.S.'s beloved child in post-World War II Europe, has the biggest chance of taking over U.S. heritage on the continent. Still, there is no way of telling whether Europe's center will understand that, in politics, one should not be guided by sentimentality or whether the Polish media will be equally enthusiastic about visits by President Herzog and Chancellor Kohl.

Former Top NATO Official To Advise Ministry

WS0807064494 Warsaw POLSKA ZBROJNA in Polish 4 Jul 94 p 2

[Article by Colonel Jerzy Markowski: "A NATO General Will Advise in the Defense Ministry"]

[Text] During his meeting with Polish Defense Minister Piotr Kolodziejczyk in Warsaw last week, General Henning von Ondarza, wielding the influential post of commander in chief of Allied Forces Central Europe until this March, offered to assist the Polish Defense Ministry as an advis[illegible]

I am glad, Minister Kolodziejczyk said, that you agreed to support our integration into NATO. Your help will be appreciated in both Warsaw and at NATO Headquarters in Brussels and Mons.

It is a fact that NATO is a huge bureaucratic machine and that, for a novice such as Poland, moving around its structures is not all that easy. Because negotiations on the document defining our participation in the program have been completed, we will launch working cooperation with NATO as part of the Partnership for Peace in just a few days.

Polish Deputy Defense Ministers Jerzy Milewski and Krzysztof Mroziewicz will sign in Brussels on 5 July the Individual Program for Partnership document determining the participation of Poland and its Army in this initiative. This will be the first document of its kind to be signed with a state that applied for the Partnership. In addition, the Polish permanent representative office to NATO will become operational as early as in mid-July.

The above facts alone show that the disinterested help offered by Gen. Ondarza, who is perfectly familiar with NATO structures, comes at the right time. It is disinterested because General Ondarze will not demand any money for his consulting services. The Defense Ministry will only reimburse the general for his travel and communications costs.

The initiative to give Gen. Ondarza the status of adviser came from the Polish side. Technically, he will be an adviser to Defense Minister Kolodziejczyk. In practice, however, he will work with Deputy Minister Milewski, who is directly responsible for ministry contacts with NATO.

Receiving such a valuable adviser is not so much a rare thing on its own as it is a good prospect for our relations with NATO, which is meant to lead Poland to full membership in the bloc. This is particularly true because Gen. Ondarza, who occupied one the highest command positions in NATO until March, was widely seen as an ardent advocate of Polish affairs in Brussels. Also important are his close contacts with German Defense Minister Volker Ruehe. His personality will certainly be very useful for developing neighborly cooperation, now already under way, between the German Bundeswehr and Polish Armed Forces.

It is an honor for me to serve as adviser, Gen. Ondarza stated. At the same time, this work is a symbol of changing times and relationships.

Chief of Staff Meets With NATO Commander

LD0807090094 Warsaw PAP in Polish 0820 GMT 8 Jul 94

[Text] Warsaw, 8 Jul—General George A. Joulwan, NATO supreme allied commander Europe, met this morning with General Tadeusz Wilecki, chief of the Polish Army General Staff. The meeting was closed to the press.

The NATO delegation, headed by Gen. Joulwan, is holding a meeting now with Polish National Defense Minister Piotr Kolodziejczyk. Meetings with President Lech Walesa and Deputy Prime Minister Wlodzimierz Cimoszewicz are also expected today.

NATO Predicts Success for Joint Exercise

LD0807114694 Warsaw PAP in Polish 1028 GMT 8 Jul 94

[Text] Warsaw, 8 Jul—According to General George A. Joulwan, NATO supreme allied commander in Europe, the first joint exercise within Partnership for Peace, to be held in September, "will be a great success due to very good preparation by the Polish Armed Forces and the Ministry of Defense." Joulwan said this to journalists after his meeting today with Minister of National Defense Piotr Kolodziejczyk.

The planned exercise in Poland will probably be attended by 10 states, including 400 Polish troops.

Joulwan stressed that Poland was the first state to prepare the presentation document and negotiate an individual program within the Partnership. Poland will also be the first country to conduct a joint military exercise. "We are very proud of our relations and very satisfied with the direction in which we are going," Gen. Joulwan added.

Polish WEU Official Welcomes Associate Status

PM0707080094 Gdansk GLOS WYBRZEZA in Polish 27 Jun 94 p 3

[Interview with Professor Longin Pastusiak, Sejm deputy and Poland's representative to the Western European Union Council, by correspondent "jul"; place and date not given]

[Excerpts] *When we talk about our "entry to Europe," we think above all else of the EEC and NATO. However, full participation in the life of the continent also implies active involvement in other structures. One of the most important of these is the Western European Union [WEU], whose activity is conducted through two organizational structures. The first is the WEU Council, which groups representatives of governments, and the second the WEU Assembly, which is made up of deputies of member countries. Poland's only representative in the WEU is Professor Longin Pastusiak, Sejm deputy from the Gdansk Region.*

[GLOS WYBRZEZA] Professor, you recently came back from a session of the WEU Assembly in Paris. [passage omitted] What is Poland's status in the WEU?

[Pastusiak] Since 9 May of this year, we have had the status of associate partner, which is practically the last step before attaining full membership. So I had the distinction of attending the first sesssion of the WEU Assembly since our country has been admitted to such an advanced status.

[GLOS WYBRZEZA] What practical advantages do we gain from membership in the WEU?

[Pastusiak] We gain access to information banks, we take part in contacts with the Planning Section, and we have been granted the right to participate in the command structures and to take part in peacetime humanitarian and rescue actions organized by the WEU.

[GLOS WYBRZEZA] Does the status of associate WEU member bring us closer to NATO and the European Union?

[Pastusiak] We believe that that decision promotes progress in the change of outlook on Central Europe. We are gradually ceasing to be the "gray zone" of continental security schemes. WEU member states recognize us as an integral part of Europe and stress the precedence of all-European security over regional security schemes.

[GLOS WYBRZEZA] Is the present situation and our current status the fulfillment of our dreams?

[Pastusiak] Of course not, but it is nonetheless a step in the desirable direction. I believe that every door that opens to us now is important for us.

[GLOS WYBRZEZA] Thank you for talking with us.

Ownership Transformation Minister Interviewed

WS0407071594 Warsaw NOWA EUROPA (KONIEC TYGODNIA supplement) in Polish 1-3 Jul 94 pp II, III

["Debate" with Ownership Transformations Minister Wieslaw Kaczmarek by Dorota Skrobisz, Krzysztof Kotowski, Zbigniew Kozakiewicz, and Czeslaw Rychlewski, compiled by "RYCH," under the "Forum of NOWA EUROPA" rubric; place and date not given: "Scenery After a Battle"]

[Excerpts] [NOWA EUROPA] [passage omitted] What about the privatization map? The deadline for submitting it to the Sejm is drawing near.

[Kaczmarek] We have already asked some ministries and economic authorities to express their opinions on this issue. What we want are answers to several questions:

- What portion of the economy must be exclusively state-owned, regardless of the surroundings?
- Can one define areas that are sensitive from the standpoint of state interests?

- Should the presence of foreign capital be limited in some sectors of the economy?

We are expecting to receive answers to these questions at any time now. [passage omitted]

What should the privatization map look like, then? In the long run, over more than a dozen years, we should follow the British model, where privatization does not include defense structures, police, social insurance... This should constitute the fundamental functions of the state. Nevertheless, one can imagine the privatization of so-called natural monopolies, such as energy or water suppliers. In these areas, it is necessary to introduce appropriate regulation mechanisms, for which we are not yet prepared.

In Great Britain, before these branches were privatized, the rules of the game were established—that is, privately owned companies have specific duties in the area of energy generation, energy transmission, price creation, security of supplies, protection of consumers. In such case, it does not matter who produces energy. However, we still lack the energy law that would be adjusted to such a situation. This is why I keep trying to help establish regulation mechanisms that would make it possible to achieve considerable progress in ownership transformations. It is necessary to mark areas on the privatization map where this special regulation is indispensable.

There already are examples in Poland that prove that, even in the so-called strategic sectors, privatization is possible and necessary. Let us take the example of banks. The banking law is an example of a special regulation that concerns both privately owned and state-owned banks. Why should energy be treated differently from money? A discussion of who will be the owner is a misunderstanding. All solutions should serve one purpose: economic stimulation, development. This is the criterion that should help us choose the best projects. A fundamentalist or emotional stand does not make sense.

[NOWA EUROPA] How will you persuade the deputies of the Polish Peasant Party [PSL] to accept the concept of privatizing the power-engineering industry? They are against ownership transformations, even in the tobacco industry.

[Kaczmarek] These are not the views of the PSL but of a small number of its deputies. Please go and discuss privatization of the tobacco sector with directors of enterprises, trade unions, planters... Still, we cannot embark on the privatization program because two companies (in Lublin and Radom) have not yet been transformed into Treasury-owned joint-stock companies. The pertinent motions were submitted quite recently.

Once we begin the privatization process in this branch—and I think we will definitely start it—equal chances must be guaranteed. It cannot be so that, for example, the factory in Krakow is placed at the disposal of an investor. Thanks to this, the factory gains the possibility of effective activity, and, as a result, companies that do not have such possibilities are pushed out of the market.

Saying that one does not give away a hen that lays golden eggs is pure demagoguery. The tax efficiency of one cigarette box in the state monopoly is three times lower than under conditions of free competition. It is true, however—and I share Deputy Pek's opinion in this respect—that state-owned tobacco enterprises can really do without privatization. Strong investors in this area are needed first of all by planters. It is indispensable to improve the technology of tobacco growing and to plant new sorts of tobacco in Poland. Thus, we must kill two birds in the privatization transactions with one stone: offer a chance to develop tobacco growing and modernize the technology in enterprises.

Now, when we are talking about the privatization of the power-engineering industry, the criterion of success in this area may be the level of energy prices. According to people who have carried out such privatization in other countries, the drop in prices resulting from the abandoning of the state monopoly reaches 30 percent. [passage omitted]

There are similar results in the telecommunications system. However, we must be patient for now. British Telecom was privatized over a 10-year period. [passage omitted]

The British example proves that, in such a case, there will not be any pressure on the recipient. Therefore, I am against monopolies. In the case of telecommunications, we have the following choice: either create the conditions of competition for Telekomunikacja Polska SA or privatize it. I expect that such a strategic decision will be made in Minister Zielinski's ministry [of communications]. [passage omitted]

[NOWA EUROPA] The field for ownership transformations is supposed to be cleared by the program of commercialization of enterprises. You are going to get rid of several thousand firms.

[Kaczmarek] Not get rid of but see to it that they are in good hands. We are talking about it at a moment when our ministry is finalizing work on the analysis of the economic situation of state-owned enterprises. The results are surprising. In cooperation with the Central Office of Statistics, we will draw up another map—a map of the size and the condition of these enterprises. This will bring about considerable disappointment. There are not many firms that are fit for commercialization (i.e., firms that are big, that have enough capital). There are also definitely fewer good, small firms than we thought. Of course, I am not retreating from commercialization; however, I could not confirm today the figures that were planned earlier. I am not treating this process formalistically. First, it is supposed to introduce to the Polish economy organizational structures in the form of capital partnerships [spolki kapitalowe], which are more efficient than state-owned enterprises. Then, it should end in privatization as soon as possible. [passage omitted]

[NOWA EUROPA] Minister Lewandowski also tried to win people over to privatization. Can you do this better?

[Kaczmarek] [passage omitted] I am aware of the fact that the rate of privatization was insufficient in previous years and still is. There are still approximately 5,000 state-owned firms left, and only 110 have been subject to capital privatization. These are the facts. The new path, which may give momentum to this process, is bank settlement proceedings [bankowe postepowania ugodowe]. There are already over 100 motions; the real process of conversion of debt into shares is beginning.

We will see how these new owners will do—whether they will ensure stability to their enterprises, whether they will try to sell them again... The situation of our ministry is such that we are implementing a law that has been discussed not with us but with the Finance Ministry. There arises a doubt for which we, as a ministry, will later be held responsible. From the point of view of the interest of the state, a better solution would be an operation that consists in the conversion of debt, the purpose of which is to raise capital. The shares of the Treasury would be inviolable. In the case of direct conversion, the Ownership Transformations Ministry does not have much to say. [passage omitted]

[NOWA EUROPA] There are also other delicate issues. You announced, for instance, that a program of development of the capital market would be prepared; however, you are now perceived as the one who has put this market out of commission.

[Kaczmarek] This is a grave yet false accusation. It was expected that, at the end of the year, there would be 40-50 companies on the stock market. We are on the best road to implement this plan. The participation of the Ownership Transformations Ministry in this market, however, does not exceed 33 percent. We have three streams of share influx onto the market: Treasury companies that have decided on a public offer (there are 10 of them); a group of over 20 enterprises of the private sector, which are beyond our control; and the second issue of the shares of companies made after a year of an obvious boom on the stock market, exactly when a slump set in. In fact, the role of the regulator of this market is being played not by the Ownership Transformations Ministry but by the Securities Commission and the stock market itself—by means of its organs, especially the council. [passage omitted]

Local Self-Government Reforms Examined

PM0707131294 Gdansk DZIENNIK BALTYCKI in Polish 28 Jun 94 p 3

[Article by Kuba Urbanski: "Dance of the Two Michals: Central or Local Administration?"]

[Text] According to Michal Kulesza, former plenipotentiary for local self-government affairs at the Office of the Council of Ministers [URM], the present government team sets out to restrict the autonomy of parish structures and to centralize all state administration. Michal Strak, who heads URM, believes that his activity amounts merely to "halting the progress of the reform temporarily in order to analyze its results to date."

A meeting between Michal Kulesza, Michal Strak, and the regional press reporters took place at Madralin near Warsaw. Kulesza had shortly before resigned from his URM post because, as he himself said, he no longer had any influence on decisions concerning the self-government reform. "The quarrel that is going on is ideological rather than substantive," he said. "The sides involved in the conflict are not fighting over the future model of Poland but over the question of whom the future Poland will belong to."

The division of the country into 2,500 parishes was the first stage of the reform. Another stage was to create the new districts. Yet another, to reduce the number of voivodships. The process was devised to be spread over several years, and, during its gradual implementation, the central administration's range of powers would eventually be restricted as a result of an increasing range of competence being handed over, step by step, to local self-government bodies. The former plenipotentiary for self-government affairs explained that that was the natural course of the development of democracy in a state system. "By vetoing the district-creation scheme, the URM chief has arrested that development," he added.

From Hand To Hand

According to Strak, introduction of local self-government amounts to setting up separate budgets in voivodships. At present, voivodas receive their money from the central funds, and it is already earmarked to be spent on certain so-called object tasks. For example, there is an allocation for state hospitals and an allocation for the education sector. Strak has suggested that voivodas make their own decisions on how to allocate the money and what sums to give to individual tasks, while drawing the money from their own voivodship budgets.

Kulesza, on the other hand, believes that this idea is tantamount to "the application of manual steering techniques" regarding local self-government structures. The voivoda will have considerable influence over parish power structures. Parishes where local administration is "politically incorrect" may find themselves receiving lower subsidies, especially because the Polish Peasant Party has been methodically placing its own people in voivodas' posts.

In Gdansk, for example, the storm over the voivoda's nomination has by now subsided, but the central administration's local representatives have not yet withdrawn their recommendation that he be recalled. In reply to our question about the final decision concerning Maciej Plazynski's nomination to that post, Strak said: "The subject is closed—for the time being."

Errors and Distortions

The URM head believes that a mistake was made in the implementation of the general principles of the reform. The mistake consisted of failing to divide parishes into large and medium-sized units. At the same time, invoking the results of public opinion polls, he insisted that the larger parishes suffer from "anonymity of the power apparatus," which causes a situation where local people do not know their own deputies. Things are different in smaller self-governed administrative units, where everyone knows everyone else.

On the other hand, Kulesza stressed that the introduction of divisions according to parish size is an artificial move. "Some parishes are larger and some smaller," he stressed, "and no one can have any control over that."

From Minister Strak we learned that four years of local self-government structures was not enough to work on in deciding about the fate of the administration reform. "We must wait another year or so, perhaps a bit more, and look carefully at the way local self-government structures work," he argued. At the same time, he added that he did not know whether the proposed administrative division into districts will actually be implemented. Maybe they will, and maybe they will not," he said.

"The state is not a large sandpile for the government to play irresponsible games in, without any plan or control," Kulesza insisted. According to him, Strak is perfectly aware of the present situation and is placing deliberate restrictions on the development of self-government structures because they are by their nature based on the idea of local administration assuming more powers, which, in turn, decentralizes the state administration apparatus.

Further Tactical Personnel Rearrangements?

According to Kulesza, the plan to replace the voivodas currently in office with people who can be expected to be loyal to the central administration is only one of the strategic moves designed to assume control over local administration structures. He believes that we will soon witness other similar personnel changes involving the posts of heads of regional auditing offices—that is, institutions set up to control parish finances.

Even though the "pilot program" [of local administration reform], which was recently introduced in larger cities, has not actually been stopped, Minister Strak has still not stated authoritatively that it will definitely be continued. "We must take a closer look at it," he said.

Solidarity's Jurczyk on Split Within Union

PM0707154494 Szczecin GLOS SZCZECINSKI in Polish 28 Jun 94 p 5

[Interview with Marian Jurczyk, chairman of Solidarity-80 trade union, by correspondent Andrzej Sondej; place and date not given]

[Text] [Sondej] The split within Solidarity-80, which happened during the Third National Delegates Congress in Swinoujscie, resulted in a situation in which two national commissions exist side by side, with two headquarters and two chairmen.

[Jurczyk] I do not agree with you! There are no two separate Solidarity-80 national commissions! We do not recognize the commission that was elected at Swinoujscie by those union members who remained in the debating hall after the debate proper was closed. This is because it was chosen in violation of the statutory regulations and, besides, by an incomplete group of voters because there was no required quorum. That meeting was more like some kind of circus than a reasonable debate.

[Sondej] So what action do you propose to take in this situation?

[Jurczyk] The Solidarity-80 National Commission will make its decision at its next session. I only represent the union as a whole. I am convinced that the union will continue to function as usual. What happened at Swinoujscie was a necessary development. We drew conclusions from it, and, at long last, the wheat will be separated from the chaff.

[Sondej] Andrzej Dolniak, leader of the Silesian-Dabrowski Regional Board and chairman of the new, rival National Commission, charged the present administration of Solidarity-80 with being "fossilized" and ineffectual. Moreover, he claims that the dynamic development of the union's membership ranks and the transformations in the country overtook you a long time ago.

[Jurczyk] Mr. Dolniak kept accusing our union authorities of many things—for example, he claimed that hardly any of their resolutions have been implemented. That is not true! For example, we did everything we could to help in the case of the three-month strike at the Befa plant, and we actually brought about a meeting between the strikers' delegates and President Walesa. We also protected Befa successfully against an attack by the police, which was meant to stifle the strike. We could quote many similar examples. There is not a single trade union or political party whose activity indicator would read 100 percent. As regards personal accusations against me, I do not claim to be perfect. Even so, responsibility for the union rests not only on me but also on all of the National Commission members, as well as on the regional board leaders. I have never clung desperately to the position of union leader, nor will I ever do so. I am in the fortunate position of not having to put on workers' overalls again. I am not in the union for money but for the cause. If I were still working at the shipyard, I would earn a lot more money than I do as chairman of Solidarity-80. I will not allow irresponsible people to run the union, and I will certainly defend it. If a decision stating that Jurczyk must go is made by responsible delegates who answer the union's requirements, I will submit to such a democratic verdict. These are sound

principles according to which the union is run. It is the laws and regulations that should be of paramount importance, not tempestuous circuses.

[Sondej] The war over seizure of power in Solidarity-80 might influence the union's so-called grass roots very unfavorably. Are you not afraid that other union centers will benefit by it because they stand to take over a number of your former members?

[Jurczyk] The situation will eventually become normal. The average man in the street will in the end find out what the real conflict in Swinoujscie was all about. Indeed, some enterprise commissions are already beginning to criticize Dolniak's moves, claiming that the coup he was planning has failed to come off.

[Sondej] The situation in other trade unions is not too good, either. Does this not mean that trade unions are generally beginning to be pushed to the margins of public life as inconsequential anachronisms?

[Jurczyk] It is true that there is an appreciable spread of passive attitudes. The post-1989 social and economic transformations have not moved in the desirable direction. People are disappointed and, consequently, political and union activists have lost much of their authority and standing in the eyes of the public. In addition, there is a tendency to undermine the role of trade unions in Poland because they oppose the realization of the allegedly society-directed programs, which, in reality, are actually directed against society. However, one thing is certain: No one is going to defend their rights if they act on their own. Having said that, I still believe that we should not aspire to create a single, strong union. There must be room for competition here because that can only bring advantages to the working people. And this is, after all, what the unions are for.

[Sondej] Thank you for talking with us.

Democratic Left's Borowski on Economic Issues

PM0607132494 Gdansk DZIENNIK BALTYCKI in Polish 23 Jun 94 p 9

[Interview with Marek Borowski, chairman of the Democratic Left Alliance parliamentary party caucus and former deputy prime minister and finance minister, by correspondent Jan Kreft; place and date not given]

[Text] [Kreft] Only 24 percent of our society declare their support for the idea of the capitalist system, while 11 percent state that they would favor socialism. As many as 36 percent of Poles declare their disapproval of free prices in the free market. These are the results of recent public opinion polls. How would you comment on them?

[Borowski] Well, yes. That is the perennial problem for all governments and, in particular, for their finance ministers. We strive to build economic programs that are misunderstood by society. However, I still believe that all of these difficulties can be clarified, which is not to say that all Poles will, as a result, declare unequivocally in favor of free prices or the market economy.

The opinions voiced by Poles today in response to opinion polls are the result of the fact that our economic programs to date have been devised to cover the period of one year. If the government envisaged, say, electricity price increases or introduced cuts in old-age and disability pensions, it never explained at the same time what it hoped to achieve by making such moves. The only explanation offered was that there was no money in the state coffers.

[Kreft] You are talking about dialogue with society. Does the present government speak the language of capitalism or socialism?

[Borowski] I have great problems with specifying precisely today what is capitalism and what is socialism. In the past, these two concepts were mutually opposed. We were building socialism in Poland, so they had capitalism in the West. Now, when we are moving to a free-market economy, it would be difficult to state categorically that the other system was typically capitalist because the faces of capitalism are very different in the West. Similarly, it would be difficult to define the Western left-wing governments as socialist. This is why I prefer not to invoke these concepts. They come from an old-fashioned vocabulary. I prefer to use more easily understood concepts referring to the economic system in operation here and now.

[Kreft] You likened the country's internal debt to a delayed-action bomb. At the time when you were preparing your budget, all of the other ministers were clamoring for more money for their sectors. However, it was obvious that it was necessary to carry out a reform of the sectors that "soaked up" the largest proportion of funds from the budget. But there is still no evidence of any appreciable reform of the health service or the social welfare systems.

[Borowski] I believe that, in some two to three months, the draft projects of such programs should be submitted to the Sejm. It is indeed high time for that.

[Kreft] In the meantime, the clock keeps ticking....

[Borowski] It certainly does. Together with Professor Stanislaw Gomulka, we prepared a program of tackling this question. Moreover, we already have the Strategy for Poland program. So I believe that we have come closer to the moment of the final defusing of the bomb.

[Kreft] Is the Polish finance system capable of producing credits high enough to underpin the considerable deficit that Waldemar Pawlak's government has proposed in his submission to the Sejm and that the Sejm has approved?

[Borowski] Yes, it is capable of putting up credits. But the result of that will be the stemming of our economic growth. We have recorded such growth for two years now, and we owe it not to bank credits granted for

investment projects because these were not, on the whole, taken up but to the use of enterprises' own resources, which were used to activate hitherto untapped production potential. However, with the passage of time, such potential becomes gradually exhausted. In consequence, it becomes necessary to modernize enterprises' assets, but, at that stage, their own resources are insufficient, and it is essential to take out loans. If it is impossible to find sufficient loans on favorable repayment terms, there will be no investment. And, if we do not invest, our economic growth will eventually become just a fond memory.

[Kreft] A group of well-known economists has been issuing urgent warnings that there is too little money in circulation and that more should be printed. Are they right?

[Borowski] It is true that the so-called monetarization index of the Polish economy—that is, the relation of the money in circulation to the gross national product [GNP]—is too low in Poland, standing as it does at about one-third of the corresponding ratio in other countries. This is the reason our economists believe that, in consequence, the money supply in Poland is not increasing quickly enough. In addition, they believe that the shortage of money in the national economy is the reason for difficulties with payments.

However, even if we agreed with this view, a rapid printing of a larger amount of money would certainly cause increased inflation. The newly printed money would not be "drawn" into the economy. It is just as if we were pouring water very rapidly into a half-full glass. If we pour too energetically, it will splash out of the glass even if we have been pouring exactly the amount needed to fill the glass without overflowing. It is the same with money. A characteristic feature of the Polish economy is that we save very little money. Both people and enterprises consume almost all of their earnings. The printing of an additional amount of money will not change this situation. We must encourage people and enterprises to save more money instead. When this happens, we will be able to increase the supply of money to the market because it will then be placed in savings accounts and used to invest in the economy.

[Kreft] So what conditions must be fulfilled for people's real incomes to increase?

[Borowski] For people's real incomes to grow fast enough to overcome price rises, the GNP must grow, too. In addition, the latter must grow much faster than prices, and its increase rate must be stable and persist for at least several years. Then and only then will we be able to allocate a proportion of that increase for people's wages, while the rest will be earmarked for investment. This is the first condition.

[Kreft] What is the second condition?

[Borowski] Investment must increase. Without increased investment, the competitiveness of the Polish economy will fall.

[Kreft] And the third condition?

[Borowski] For investment to increase, businessmen must have a steadily increasing sense of economic stability. They must be confident that the country's economy is proceeding as planned. The Strategy for Poland program prepared by Deputy Prime Minister Kolodko is based on this premise. When we read that inflation will fall, even if it is still high today, we can invest because it means that the cost of the loans we take today will be gradually decreasing—otherwise, the rising interest on loans would eventually strangle us.

[Kreft] Just as in 1990?

[Borowski] The lesson we received in 1990 was very painful. Everyone who had the misfortune to invest at that time remembers it to this day and has developed a psychological block about taking loans.

[Kreft] What is the situation with our banks' boards of directors? It was widely assumed that their policy was one of the reasons that Prime Minister Pawlak recalled Minister Kawalec from his post.

[Borowski] Indeed. As a representative of the Department of Finance, Minister Kawalec stood as superior authority to all of the banks remaining under state control. As Finance Minister, I was in charge of all personnel moves because I was afraid that, otherwise, staff appointments and dismissals might assume a political character, which would be contrary to my intentions. However, it was first necessary to analyze the activity of the banks' boards of governors. I commissioned the appropriate investigation, although I did not have time to make any decisions on the basis of its results before leaving my post in the government. I received one report before that happened, and the conclusions were that half the members of that particular board of governors were doing absolutely nothing at all.

[Kreft] What do you mean?

[Borowski] They did not even bother to attend board meetings. So it became clear to me that they should be replaced. I believe that Professor Kolodko's position on this matter is similar to mine. I mean that he would be extremely opposed to politicization of the boards of governors.

[Kreft] What is your opinion of the package of funds allocated to agriculture within the state budget?

[Borowski] When we remember to make allowances for inflation, the burden on the budget is smaller than it was last year. So we cannot really accuse the government of giving in to lobby pressures. Last year Minister Gabriel Janowski "extracted" 1.5 trillion zlotys [Z] from the budget and gave it to farmers as compensation for the increase in fuel prices. That was completely pointless. It

will remain the farmers' sweet secret what they did with that money. We decided against making such a move.

Seen against the value of the national income and, in particular, the level of employment in agriculture, the state's contribution to the financing of that sector is still quite modest. However, we cannot afford to spend more on agriculture.

[Kreft] You are the author of this year's budget. The agricultural lobby in the Sejm is working hard to do everything it can to make its voters happy. How was voter happiness bought in large enterprises? How is the improvement in their situation proceeding, if at all?

[Borowski] No firm across-the-board decision has been arrived at regarding the restructuring of all major enterprises. There are enterprises that have already emerged from their worst troubles as a result of debt-reducing schemes. For example, Szczecin Shipyard has first-rate export contracts and is already making a profit. However, last year the profitability factor of state enterprises was, on the whole, negative. In other words, they required money to be pumped into them—that is, it was necessary to take out loans or to sell assets. For every Z1,000 of production sold, we had to pay Z4. This year, they have profits of Z12 on every Z1,000.

[Kreft] Is state intervention necessary in the case of the maritime economy sector?

[Borowski] Intervention is only needed to assist our fishing industry. However, even here it is only necessary to the same extent that we apply intervention in the agriculture sector. On the other hand, as regards assistance to shipping companies, we must agree on the terms first: how long it should last, what amounts of money it should involve, and what the companies actually want to achieve. Only then can we start talking.

[Kreft] In your opinion, is it the government's intention to endorse a state protection policy with regard to the maritime economy?

[Borowski] I do not represent the government. However, because, as we know, the present government is not averse to protecting the domestic market in many different ways, although it certainly does not put up trade barriers that would isolate Poland from the rest of the word, I believe that it is not impossible that it will activate certain protection mechanisms. However, they would have to be arranged on precise terms, just as we did when we wanted to protect our metallurgical industry against foreign competition.

I would not like to force too many of my own suggestions on a company of the rank of the Gdansk Shipyard, but I believe that it should look very carefully at the Szczecin Shipyard's experience with transforming its status.

[Kreft] Thank you for talking with us.

Parliament Rejects Proposal To Impeach Iliescu

AU0707144694 Bucharest Radio Romania Network in Romanian 1340 GMT 7 Jul 94

[Statement on the official results of the voting on the impeachment motion against the Romanian president at a joint session of the Senate and the Chamber of Deputies in Bucharest on 7 July; read by an unidentified deputy—live]

[Text] After checking and counting the votes cast by the deputies and senators, in a ballot with white and black balls, on a proposal initiated by a group of 167 deputies and senators to impeach the Romanian president, the Committee of the Chamber of Deputies and the Senate, which met in joint session on 7 July 1994, has ascertained the following:

The total number of deputies and senators is 482. The total number of votes cast was 408, of which 166 voted in favor of the proposal to impeach the Romanian president and 242 voted against. [applause] No void votes were cast.

In accordance with the provisions of Article 95, Paragraph 1 of the Romanian Constitution and Article 67, Final Paragraph of the Rules for Joint Sessions of the Chamber of Deputies and Senate, the impeachment of the Romanian president can be achieved with a majority vote of the deputies and senators. Consequently, at least 242 votes are necessary to pass the proposal on the Romanian president's impeachment. Since, out of a total of 482 deputies and senators, 166 voted in favor of the impeachment of the Romanian president and 242 voted against, the Chamber of Deputies and the Senate note that the necessary majority has not been achieved. Consequently, the proposal to impeach the Romanian president has been rejected. [applause]

Controversy Over Cluj Excavations Continues

UDMR Protests 'Brutal' Intervention

AU0707162294 Bucharest Radio Romania Network in Romanian 1300 GMT 7 Jul 94

[Text] On behalf of the UDMR [Democratic Union of Hungarians in Romania], the executive president of that formation, Csaba Takacs, faxed our editorial office the following communique, dated Cluj-Napoca, 7 July 1994, 1000 local time:

Flagrantly violating legal provisions, including the provisions of Law No. 69 regarding local public administration, and with the obvious goal of inciting hatred and ethnic conflict between the Romanian and Hungarian community of the city of Cluj, today, 7 July 1994, at 0845, provocative actions, under the pretext of archaeological excavations—not authorized by the competent authorities—started in the central square of the city, where a group of statues of [Hungarian] King Matthias Corvinus is located.

Peaceful demonstrators, who gathered instantly on the spot, are currently the victims of brutal police intervention. We call on all official domestic and international bodies to intervene urgently to avoid the expansion of the serious situation that is currently prevailing in the city of Cluj-Napoca and we insistently call for the rule-of-law, reads the communique signed by UDMR executive president Csaba Takacs in conclusion.

This morning experts from the History of Transylvania Museum in Cluj-Napoca were to start archaeological investigations in the center of the municipality, where, as early as last century, signs of important vestiges of Roman times were discovered, vestiges that by their specific nature are unique in this area of Europe.

With a protest action organized by the executive leadership of the UDMR, pickets were organized in the area to stop the expansion of these works, and thus the police was asked to deploy public order forces, a request with which the Mayoralty concurred.

At this hour a few hundred protesting citizens, among whom our correspondent also noticed UDMR parliamentary representatives as well as Roman Catholic Church dignitaries, have blocked the area of the future work site, invoking the danger that this would pose to conserving proof of Hungarian cultural identity in the center of the city of Cluj.

Senator Petre Buchwald, representing the UDMR, stated to our correspondent that with the implementation of such extensive excavations, the museum does not respect laws currently in force. A complaint was therefore submitted to the local administrative authorities, a viewpoint firmly rejected by the leadership of the museum through General Director Gheorghe Lazarovici, our correspondent Teodor Mateescu informed us.

Mayor's Office Condemns UDMR

AU0807061594 Bucharest Radio Romania Network in Romanian 1700 GMT 7 Jul 94

[Text] The Cluj Mayoralty has sent us a communique saying that today, according to its own scientific research program, the National History Museum of Transylvania has begun preparatory work for the archaeological survey to be conducted on Union Square of that municipality. The work was, however, prevented by the UDMR [Democratic Union of Hungarians in Romania], which organized its members and sympathizers with a view to triggering, quote, an interethnic conflict in the spiritual capital of Transylvania, unquote.

Lacking any ground for such actions, the communique continues, the UDMR circulated in the domestic and, especially, the international mass media false information regarding the Cluj Mayoralty's intention to demolish, concomitant with the archaeological survey work, the group of statues of Matthias Corvinus and St. Michael Cathedral.

The communique points out that the archaeological survey work will be carried out at a great distance from the aforementioned two monuments, which will not be affected, something the UDMR leaders have been well aware of ever since their 23 June meeting with the leadership of the County Prefect's Office, the Cluj County Council, the Cluj Mayoralty, and the National History Museum of Transylvania.

The inhabitants of Cluj Municipality, of which 80 percent are Romanians, did not let themselves be provoked and did not engage in actions that would have led to, quote, the fulfillment of the UDMR's goal, namely the triggering of a new interethnic conflict in Transylvania, unquote.

The communique also says that the situation created by the UDMR was examined in an emergency meeting of the executive of the Mayoralty, the Prefect's Office, the directors of the National History Museum of Transylvania, and some of the municipality councillors. They decided to organize a news conference later today at the mayor's office and summon an extraordinary meeting of the Municipality Council for Monday, 11 June, at 1600 [1300 GMT], says the communique signed by the mayor of the municipality, Gheorghe Funar.

According to our correspondent Teodor Mateescu, two communiques were read out during the news conference held at the mayor's office.

The communique signed by Gheorghe Funar says, quote, defying public law enforcement bodies, the UDMR representatives occupied the area where the first archaeological survey works were scheduled to begin, threatening a new Targu Mures [reference to the 1990 March Targu Mures interethnic violence] if the archaeologists did not withdraw from Union Square. The situation created by the UDMR was examined in an emergency meeting of the Mayoralty executive, the Prefect's Office, the directors of the National History Museum of Transylvania, and some of the municipality councillors.

In my capacity as mayor, I address an appeal to all Cluj Municipality inhabitants not to let themselves become entangled by provocative UDMR actions and not to participate in disorderly actions unquote.

Our correspondent informs us that the communique issued by the National History Museum of Transylvania points out that, under such circumstances, its experts cannot carry out any research work and therefore the museum requests that the laws of the country be observed and that political organizations not intercede in archaeological and scientific research.

Ministry Orders Halt to Excavations

AU0807114094 Bucharest Radio Romania Network in Romanian 1000 GMT 8 Jul 94

[Text] The government spokesman has sent us the following communique for publication:

Regarding the archaeological survey planned to take place in the Union Square of Cluj-Napoca Municipality upon the initiative of the National History Museum of Transylvania, the Romanian Government asked the Ministry of Culture to set up a commission of experts who should give a verdict on the opportuneness and importance of this action.

Until this commission makes a decision, the culture minister has ordered that the National History Museum of Transylvanian in Cluj Napoca—a public institution that is directly subordinated to this ministry—should halt all excavation works and withdraw all equipment from the area, and the archaeological excavations and survey can start only after a favorable consent is received from the aforementioned especially established commission. This commission will include figures from the fields of Romanian history and archaeology and, at the request of the Ministry of Culture, will enjoy the cooperation of experts in the Romanian National Commission for UNESCO, the communique we received from the Romanian Government spokesman reads.

Izetbegovic Recommends Accepting Peace Plan

AU0707123494 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1020 GMT 7 Jul 94

[Statement by Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency, at a news conference held upon his return to Sarajevo from Geneva—live]

[Text] I shall pass my comment about the plan that was proposed to us by the Contact Group and about the Mostar Agreement that we signed the day before yesterday.

Regarding the plan, as was to be expected, the plan incorporates both positive and negative elements. The positive element is that the state of Bosnia-Herzegovina has been preserved, that is, that the integrity and the sovereignty of the state has been confirmed. Therefore, in this aspect, one of our aims has been accomplished. Regarding the second goal, this was accomplished only partially. It is positive that, according to this plan, the Serbian aggressor should withdraw from approximately 20 percent of the territory. This includes substantial territories in western Bosnia and the Bihac region, as well as important cities in other parts of Bosnia, primarily Jajce, Doboj, Brcko. A big drawback is, naturally, that parts of the territory will in future nevertheless remain under the control of the rebel Serbs—Rogatica, Vlasenica, Zvornik, Bratunac, and some other towns. Actually, among the towns that I should have mentioned, that is the towns that are now under occupation and will be freed, is also Visegrad [words indistinct]. It is also positive that within Bosnia-Herzegovina a further struggle will continue with the efforts for the observance of human rights, the affirmation of private property, and the gradual integration of Bosnia-Herzegovina. Naturally, this is, so to speak, a long struggle that will probably last for years, however, the principle itself has been established.

I believe that we should accept this plan because by rejecting it we would be doing Karadzic and Milosevic a great favor. They would be able to continue the war, and my impression is that want to continue, [words indistinct] with all the consequences stemming from that. Naturally, not rejecting and accepting the plan are two different things. [Words indistinct]. We believe that, at this moment, we should not say a firm no to this plan precisely because by doing so we would help Karadzic and we should not do him this service. Speaking about the adoption of this plan, it can only be accepted by the Assembly, whose session will be held on 18 July.

In the meantime, an analysis for the deputies will be drawn up, which will examine the good and positive elements and the negative elements in the plan, as well as all the consequences and the implications within the possible foreseeable (?deadlines). I would only like to stress that from the viewpoint of the Serbian aggressor's goals, the plan is unfavorable and [words indistinct] aims were, as you know, to occupy Bosnia in its entirety and to exterminate the Muslim people. They did not succeed. [Words indistinct] from the political map of the world. They did not succeed. Therefore, viewing the plan in this light, it is unfavorable for their military goals, [words indistinct], therefore, from the viewpoint of the Serbian aggressor, the plan is more unfavorable for him (?than it is for us). Our aims were to preserve the state—and I believe that the plan succeeds in this—and to retain great parts of the territory under our actual control—and here the plan succeeds, too. There is this much about the plan itself.

I would only like to say a couple of words. I have had a very pleasant day in Geneva, the first one since I started visiting Geneva [words indistinct] last year, when I signed the Mostar Agreement. In my opinion this represents a major step forward in the future implementation of the Federation on one hand, and, naturally, the preservation and rescue of the town of Mostar on the other.

I will be happy to answer your questions, naturally, once Mr. Silajdzic [words indistinct].

Silajdzic Views Peace Plan

AU0707123994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1031 GMT 7 Jul 94

[Address by Bosnia-Herzegovina Prime Minister Haris Silajdzic at the news conference held upon his return to Sarajevo from Geneva—live]

[Text] To this I would add that the meeting with the Contact Group was preceded by a meeting with U.S. Secretary of State Warren Christopher. Among other things, we insisted at the meeting that the ministers should finally take a clear stand toward the territorial integrity and sovereignty of the Republic of Bosnia-Herzegovina. [Words indistinct] President Izetbegovic also said that they have done so in a very clear way.

At the meeting with the Contact Group, Mr. Redman—who spoke in the name of the Contact Group—stressed that [word indistinct] a high degree of accord regarding the (?solution of the crisis in Bosnia-Herzegovina has been reached). Therefore, they have envisaged both stimulative measures and penalties in case the plan is rejected. If the legitimate authorities of the Republic of Bosnia-Herzegovina were to accept this plan, the international community would undertake an action for the reconstruction of Bosnia-Herzegovina and would create conditions for the return of refugees. What follows from this is that if we fail to approve the plan, this action would not be implemented.

We have also partially received an answer to what the international community is ready to undertake if the representatives of the regime in Belgrade reject the plan. We have been told that if that side [the Serbian side] were to reject the plan, the international community would be ready to extend and step up the economic

sanctions against Serbia and Montenegro. The international community is also ready to undertake more effective measures regarding the protection of the protected areas. Moreover, if these measures fail to yield a result, the international community is ready to lift the arms embargo for Bosnia-Herzegovina. In addition to this, it is ready to undertake measures regarding the protection of the international borders between Bosnia-Herzegovina, Serbia, and Montenegro. Particularly this last point will be a topic of negotiations between us, the international Contact Group, and [words indistinct].

The protection of international borders is a request that we have submitted to the international community, because we believe that this is the key to peace, not only in Bosnia-Herzegovina, but also in (?Europe). At the same time we have expressed our readiness regarding the mutual recognition of all the countries created on the territory of the former Yugoslavia. We believe that this is a concrete step towards peace. Moreover, I believe that Mr. Kozyrev, foreign minister of the Russian Federation, has taken this (?proposal) to Belgrade. I believe that we can stress that the Contact Group has rejected the concept of the so-called gray areas. Brcko, the city of Brcko and its surroundings would be under special regime. The largest part of the city of Brcko would be under the rule of the Federation, but the city and its surroundings would be demilitarized. United Nations forces would be deployed on sensitive points—on communications in that area.

A new meeting with the Contact Group has been scheduled in a fortnight, therefore, for 19 July. Thank you.

Karadzic: Plan 'Not Complete'

LD0707154294 Belgrade TANJUG Domestic Service in Serbo-Croatian 1504 GMT 7 Jul 94

[Text] Belgrade, 7 Jul (TANJUG)—President of the Srpska republic Radovan Karadzic said at a news conference today that the Contact Group's peace package was not complete. "We have seen the maps, but we are not familiar with the constitutional principles upon which the former Bosnia-Herzegovina would be based, and they are very important for us," Karadzic stressed. We will have to work hard for two weeks. We have to consult our people, and in the meantime, try to agree on the constitutional principles, Karadzic added. "We would like to solve the problem of Sarajevo, that is, find a final political solution for Sarajevo."

At the brief news conference, Karadzic also said access to the sea was a very important issue: "If the Muslim-Croat Federation has access to the sea, why should the Srpska republic not have it too?"

Dwelling on Alija Izetbegovic's statement that Muslims were likely to accept the peace package and Serbs were likely to reject it, Karadzic said Izetbegovic "would like us to reject the plan, as this would make things easier for him."

"The maps could be a good basis for the forthcoming talks," said Karadzic, stressing that they must be revised and territories must be exchanged. Serbs control over 70 percent of the territory and own 64 percent, which means a part of the Serb territory will go to the Muslim-Croat Federation.

It is not yet known which part of Serb territory will go to the other side, "and the people will decide whether they will move out or remain, or else seek autonomy," Karadzic explained. "However, we think the main Serb territories will go to the Serb Republic, because none of the solutions which could spark off another war could be just," said Karadzic.

Serbs Expect No Decision on Plan at Next Meeting

LD0707163794 Belgrade TANJUG Domestic Service in Serbo-Croatian 1516 GMT 7 Jul 94

[Text] Belgrade, 7 Jul (TANJUG)—Aleksa Buha, the foreign minister of the republic of Srpska, told TANJUG today that the Contact Group failed to complete a large portion of work for the meeting in Geneva yesterday, so it could not offer a complete peace plan for the former Bosnia-Herzegovina.

He explained that no offer had been made for a constitutional agreement between the two future states, the Serb Republic and the Muslim-Croat Federation, that is, for a political arrangement for the envisaged union, which would reportedly be some kind of very loose confederation.

Furthermore, Buha said, the third part of the plan—a document on the extension of the agreement on cessation of hostilities—was not drawn up.

We also asked for the fourth element of the peace plan—a document on lifting the sanctions against Yugoslavia, the Serb republic's foreign minister said.

It is obvious, he said, that there can be no talk of a final decision on the plan at the next meeting. Recalling that the next meeting with the contact group was scheduled for 19 July, Buha quoted an unnamed representative of the contact group as saying that all the elements of the plan would be discussed thoroughly and in depth at that meeting.

As far as the proposed maps are concerned, our delegation had the opportunity to comment on the proposals and ask certain questions in talks with the members of the Contact Group, Buha said.

The first question concerned the contact group's views of the genocide committed against the Serbs in the Second World War on territories in western Bosnia that the proposed territorial delineation plan would grant to the Muslims, the Serb Republic foreign minister explained.

The second question, he went on, regards the proposed solutions for Posavina, as well as for the Muslim enclaves in eastern Bosnia.

If the idea is for the future states to be as compact and functional as possible, then these enclaves defy the compactness and functionality of both states [republic of Srpska and Muslim-Croat Federation].

According to him, the next question posed to the Contact Group concerned the Srpska republic's right to access to the sea at Neum, in other words, the right to an outlet to the sea in terms of percentages proposed for the entire territory.

He added that the proposed maps envisaged the division of three towns—Brcko, Visegrad, and Mostar—by which the international community was accepting the division of the population along ethnic lines.

Our delegation's position was that there is no longer any reason for the contact group not to draw up a proposal for the division of the Sarajevo district, Buha said, and stressed that Sarajevo should be divided on a scale applicable to the entire territory of Bosnia.

He underlined that the prevalent view among the members of the Serb Republic delegation regarding the maps was that the contact group had geared its work toward ensuring that the Muslims acquire as much as possible in terms of territorial quality, with a territorial percentage guaranteed beforehand.

This was accomplished in the proposed maps by adding to these Muslim-Croat territories a whole series of adjacent towns that do not mean much quantitatively, but mean very much qualitatively, Buha said.

TANJUG Notes 'Carrot-and-Stick' Policy

LD0807111694 Belgrade TANJUG in English 1055 GMT 8 Jul 94

["Pool" item]

[Text] New York, July 7 (TANJUG)—The Western and Russian foreign ministers approved in Geneva on Tuesday the latest Bosnia division plan and coordinated a carrot-and-stick policy for its implementation.

According to a document obtained by TANJUG, the Moslems are being offered a carrot in the form of international guarantees of the new internal boundaries, assistance in the reconstruction of the country and a special fund for the resettlement of refugees.

As for the stick, they are being threatened with non-exemption from the arms embargo and denial of access to the territories vacated by the Serbs, if they should reject and the Serbs accept the plan.

In order to accept the plan, the Serbs are being tempted with a gradual suspension of international sanctions, a new Security Council resolution to that effect and another peace conference.

The first step in easing the sanctions would be the reopening of Belgrade Airport to international flights as soon as the proposed maps have been accepted. The other sanctions would be gradually lifted depending on the pace of the Bosnian Serbs' withdrawal they will have agreed to cede to the Moslems. In case the Serbs refuse to comply, the sanctions would be further tightened.

Their continued refusal of the maps might furthermore prompt the Security Council to lift the arms embargo for the Moslems which might adversely affect U.N. presence in Bosnia, the document says.

The ministers of the United States, Russia, Great Britain, France, Germany and Greece appealed to the warring sides to accept the plan or suggest acceptable alternatives. They supported the idea of a Bosnia-Herzegovina as a union within the internationally recognized borders, with constitutional arrangements defining relations between its Moslem-Croat and Serb entities.

These arrangements may be revised with mutual consent after the status of Sarajevo has been decided, the document adds.

Diplomats quote international mediator Thorvald Stoltenberg as saying at a Security Council session on Thursday that three criteria were applied in drawing the maps—preservation of Bosnia within the internationally recognized borders, respect for the principle of ethnicity and giving the Moslems a viable state.

Asked about the chances of both sides accepting the plan, Stoltenberg said one should hope for the best but there were extremists on both sides.

UNPROFOR: 5th Corps Surrounds French Troops

AU0707154394 Paris AFP in English 1524 GMT 7 Jul 94

[Text] Zagreb, July 7 (AFP)—The mainly Moslem Bosnian Army surrounded Thursday [7 July] French UN troops based in the Bihac Moslem enclave in western Bosnia in an unacceptable incident, a UN spokesman said. UN Protection Force spokesman Paul Risley said the "Fifth corps troops have apparently surrounded the UN French compound in the centre of Bihac town. Soldiers are pointing weapons at UNPROFOR personnel."

The Bosnian authorities said that they were "concerned that some sort of armed terrorists had infiltrated from the north and they were worried that these would endanger the security and safety of UN personnel," Risley added. "We do not consider this an acceptable situation," he said.

The Bosnian Army began an offensive June 10 against militia of Bihac's local Moslem strongman, Fikret Abdic, who proclaimed autonomy for his fiefdom in September last year. The front line cuts straight through the French battalion at Bihac, which numbers some 1,250 men.

French Troops Still Surrounded

AU0807110094 Paris AFP in English 0903 GMT 8 Jul 94

[Text] Sarajevo, July 8 (AFP)—Some 100 to 150 French soldiers serving with the UN Protection Force in Bihac, a Moslem enclave in western Bosnia, have been surrounded for the past 24 hours by Bosnian military police, a UN spokesman said here Friday. The UN troops were unable to move, said Commander Eric Chaperon.

Bosnian Government forces had explained their deployment by saying it was necessary to ensure the security of the UN troops following infiltration into Bihac town of "terrorists" from the rebel Moslem faction controlled by Fikret Abdic, Chaperon said.

Late Thursday, French military spokesman Jean-Francois Philippe in the enclave said Bosnian army troops were blocking a French UN contingent but said the French troops were under "no direct threat" and had been told the measure was for their own security.

Philippe had said that the Bihac company was blocked by an armed vehicle equipped with a 14.5 mm machine gun belonging to the 5th Bosnian army corps. He also said Red Cross personnel and European Union observers in the enclave were similarly blocked.

A new round of fighting broke out in the Bihac pocket between government forces and Abdic troops on June 10, the day a ceasefire came into force between the Moslem-led government troops and the Serbs whose forces also surround the enclave.

Since then shelling incidents have been reported daily both on the "internal confrontation line" between government forces and Moslem rebels and on the "external confrontation line" between government forces and Serbs who have been accused of helping Abdic forces.

Abdic, a former member of the Bosnian collective presidency and a business tycoon in his own region, declared Bihac autonomous last September. Government troops have since tried to stamp out the rebellion. On Thursday, the UN Protection force had spoken of gunfire inside Bihac town, controlled by government forces, and Sarajevo radio said "terrorists" had set off explosions there.

Sarajevo Radio Reports Attacks in Bihac

AU0807090094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 8 Jul 94

[Report by Mirza Sadikovic from Bihac]

[Text] Last night did not bring any significant abatement of the situation on the territory of the Bihac district. The united aggressor has been attacking all the time with mortars of all calibers and antiaircraft arms.

The members of the rebel groups of the war criminal Fikret Abdic have intensified their attacks in the region of Vidkovac, (?Kriva), and [words indistinct] in [word indistinct] and on the outskirts of the Bihac commune, where [words indistinct] terrorist-saboteur groups have infiltrated. The situation in this town continues to be unclear, although last night battles were fought precisely in the border regions and on the access roads to the town.

[Republic of Serb Krajina President Milan] Martic's Chetniks [words indistinct] shelled the free territories of Cazin and Velika Kladusa communes. In the last 24 hours, we have also noted a concentration of manpower on the left bank of the Korana River.

In the course of the night, Karadzic's terrorists were especially active on the Bihac battlefield and on the Grmusko-Srbljanski plateau, where they continued to dig in and regroup their forces.

One Wounded in Reported Serbian Shelling of Tuzla

LD0707210594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 7 Jul 94

[Text] Cease-fire violations, that is, Chetnik artillery activities against the free territory of our country continued today. Tuzla was today targeted by hostile artillery from the Chetnik stronghold of Jankovic on Majevica. The attack started at 1910.

According to initial reports from the Tuzla information center, so far, one person has been seriously wounded in the shelling. A state of general alert is still in force in Tuzla.

Mostar Still Divided Between Croats, Muslims

LD0707132894 Belgrade TANJUG in English 1136 GMT 7 Jul 94

["Pool" item]

[Text] Belgrade, July 7 (TANJUG)—Mostar is still divided between Bosnian Croats and Moslems despite their March truce, Radio Sarajevo said Thursday. The Moslem-controlled radio's correspondent in Mostar, southwestern Bosnia-Herzegovina, said that the Moslems and Croats had done nothing to rebuild the city, devastated in a year of fighting between them.

The Moslems and Croats began the Bosnian civil war as allies against the local Serbs, but turned against each other in the spring of 1993 in a bitter war for territories in central and southwestern Bosnia-Herzegovina. Under strong pressure from Washington, the two sides signed a truce in March 1994 and agreed to form a binational federation.

The correspondent said the Croats were still living only in the western part of the city and refusing to honour their numerous promises and give water and electricity to the Moslems in the east. The bridges between the sectors have not been rebuilt, either.

Supplies are reaching the city only with difficulty. Only 200 people on either side are allowed to cross to the other side daily, With only 25 on each side permitted to stay for up to three days.

The correspondent was sceptical about the chances of the European Union's administrator Hans Koschnik of Germany reopening and reuniting the city. Mostar has been placed under E.U. administration for two years.

Tudjman's Aid Convoy Arrives in Sarajevo

AU0807060494 Zagreb HINA in English 1826 GMT 7 Jul 94

[Unattributed report: "Thirty-Truck Convoy Reaches Sarajevo"]

[Text] Zagreb, Jul 7—A thirty-truck convoy carrying 300 tonnes of food and medical supplies reached Sarajevo this afternoon after several days of travel. The aid was collected during a campaign initiated by President Tudjman under the motto "Croatia for the Federation of Bosnia-Herzegovina." The aid shipment, collected by over thirty Croatian firms and organizations, is worth 1,500,000 DEM [German marks]. On its way to Sarajevo, the convoy stopped in Nova Bila, where it delivered an ambulance for the local hospital.

Turkish Troops Begin Deployment as Peacekeepers

AU0707124894 Paris AFP in English 1221 GMT 7 Jul 94

[By Francis Curta]

[Text] Sarajevo, July 7 (AFP)—Some 1,400 Turkish soldiers serving with the UN Protection Force (UNPROFOR) Thursday [7 July] started to deploy in Bosnia in a move that could revive tension between the blue helmets and the Bosnian Serbs. The Turks, who had been waiting for about 10 days in the Croatian port of Split, began to head for Zenica and Kakanj, central Bosnian areas under Moslem-Croat control, an UNPROFOR spokesman said.

Full deployment was not expected before next week, Commander Eric Chaperon added. The Turkish troops will not be deployed along confrontation lines with the Bosnian Serbs, Chaperon also said. The Serbs have strongly objected to the Turkish presence among UNPROFOR troops. The Ottoman Empire ruled much of the former Yugoslavia for some 500 years following the battle of Kosovo in which they defeated the Serbs in 1382.

The Turkish troops were originally due to be moved from Croatia into Bosnia on June 28, but UNPROFOR cited technical reasons for the delay. June 28 is the anniversary of the battle of Kosovo. The Turkish soldiers will move into an area where the UN presence has so far been minimal, Chaperon said. Their mission will be "to calm down the situation, to stop banditry which is on the increase in that area and help people rebuild," he said. The Turkish troops were expected to assist local police and, by their presence, deter highway attacks by armed bands who roam the countryside, he said.

The Bosnian government, for its part, has previously objected to the deployment of Russian UNPROFOR troops, seen as traditionally close to the Serbs. Despite the presence of a few Russians in central Sarajevo, serving mainly with the UNPROFOR command, most of the Russian forces are deployed along the city's confrontation lines. Their deployment in February helped persuade the Bosnian Serbs to withdraw their heavy weapons from around Sarajevo.

HVO Crimes Against Muslims in Central Bosnia

94BA0328B Zagreb GLOBUS in Serbo-Croatian 6 May 94 pp 5-7

[Unattributed article: "In Vitez, the HVO Fighters From the Lasva Valley Turned the Muslims Into Charcoal!"]

[Text] *On Pavlovica, a plateau above Novi Travnik, a soldier from the Bosnia-Herzegovina Army says, "In the thick forests there are still a lot of gangs of brigands who stop convoys, jump into the trucks, and rob the passengers.... Near Novi Travnik, rather tipsy and embracing each other, members of the HVO [Croatian Defense Council] and the Bosnia-Herzegovina Army sing together everything from love songs to 'Cavoglav.'"*

Stupni Do, Ahmici, Krizancevo Selo, and Buhine Kuce are the ones that the media mentioned most often as the scenes of crimes during the one-year-long Croatian-Muslim war. Today they are only burnt-out ruins, which with their ghostly silence remind us of the bestiality of the war conducted in central Bosnia.

GLOBUS's reporters are the first Croatian journalists who, after the signing of the Washington agreement, succeeded in visiting those terrible places.... One enters Bosnia across Vran Mountain, along a forest route from Tomislavgrad to Prozor, which the HVO calls the "route of salvation." At one time, a year ago, it was definitely the worst paved road, but the English members of UNPROFOR [UN Protection Forces] took it in hand, and they rebuilt it in such a way that that section can now easily be considered the fastest road in Bosnia!

Driving a low Fiat Tipo, we were not afraid even once that we would end up in a pit or a gully because of our speed of about 80-90 km/h.

Not too long ago, trips ended forever on that same road, because of much lower speeds. The overturned trucks and buses that lie along the road still bear witness to that today.

An HVO fighter who stopped us at the top of Vran Mountain, conducting a routine check and officially permitting us to enter Bosnia, joked that all the UNPROFOR troops should be captured and kept in Bosnia until they repaired all the roads! If you descend Vran Mountain toward Prozor, the splendid Ramsko Lake will appear before you, surrounded by high mountains on all sides. Unfortunately, there is no time to enjoy that wild scenery, because the long columns of overloaded trucks cannot lag behind for an instant. Not too long ago, Bosnia is surviving today only through humanitarian aid, which is being delivered by the worn-out "highways."

According to a rough estimate, we passed at least 300 trucks on the way from Tomislavgrad to Prozor. They move through Bosnia today only in convoys. Also noticeable is the large number of buses, usually full, which are headed for unbelievable destinations: Tuzla-Munich; Tuzla-Vienna; Tuzla-Pula; Zenica-Zagreb; Travnik-Split....

On their return, the buses will be loaded with various packages, but in some cases there is also a passenger or so. The cost of a bus ticket from Tuzla to Zagreb, for example, is 150 German marks [DM], and the price includes "obtaining an entry visa" for Croatia.

Thus, during our stay in Kiseljak, we heard an announcement on Radio Kiseljak about the departure of five buses for Split, with the price being "DM50 to Herzegovina, but anyone wants to continue on to Croatia has to add another DM40!"

On the other hand, Radio Zenica announced that last night a bus arrived from Split WITHOUT ANY PROBLEM, and that the departure of tomorrow's bus for Split was not being postponed: There were still tickets.

The HVO and the B-H Army at a Joint Checkpoint

Prozor is the last place where you will still find "Croatian" prices. The atmosphere in the town is very lively. If not for the multitude of people in uniform, one could think that there is no war.

The burnt houses in the town's central street, Vitomir Lukic Street, remind us of the first big Croatian-Muslim conflict toward the end of 1992. At that time HVO units, "wanting to prevent the Muslims from Jablanica and Gornji Vakuf to link up through Prozor," destroyed and burnt more than 50 houses in Prozor, and drove Muslims to flee toward Jablanica.

Today, at Slatina, between Prozor and Jablanica, a joint checkpoint is functioning, at which members of the military police of the HVO, the Bosnia-Herzegovina Army, and UNPROFOR stand together.

It has been agreed that 100 people a day can pass in each direction, in order to unite divided families. The newly opened crossing is welcome to the impoverished Muslims of Jablanica, however, in order to go "shopping" in Prozor, and to sell the same goods at prices twice as high in Jablanica or Konjic. In Prozor, those same Muslims are met with hate-filled glances and comments like "There can be no peace with them. As soon as they eat their fill and supply themselves with food and fuel, it seems that we will have to fight again!"

The most popular person in Prozor, at least according to the stories of the soldiers we met in a cafe, is General Ratko Mladic.

Mladic's appearance on a hill above Gorazde is still being talked about, and moreover with respect.

"Mladic is for real; he isn't afraid of anybody. He is aware that NATO can't do anything to him, and he keeps going. And what have we fought for during this past year?" they say.

At Makljen, a mountain pass several kilometers from Prozor, we caught up with the two convoys of trucks again.

An interesting scene: The convoy to Zepce, which was escorted to this point by the Croatian Army's military police, was parked on the right side of the road, and the drivers were taking off the license plates, which were mostly from Slavonski Brod.

Parallel to that convoy, on the other side of the road, the drivers of the trucks that had just arrived from Tuzla were taking off Tuzla license plates.

They would continue all their further travel without license plates. We did not do so, and continued on....

Can There Ever Be Real Trust Again?

At the very entrance into Gornji Vakuf, we passed through the first joint checkpoint at which members of the HVO, the Bosnia-Herzegovina Army, and UNPROFOR were standing disinterestedly. In order to enter, it was enough for us to show an UNPROFOR press card, which is a real privilege for Bosnian conditions.

Sasa, with whom I was traveling, said that about 15 days ago, when he was traveling with a British TV crew, a British soldier announced "by Motorola" the reporters' arrival to the next UNPROFOR patrol in Bistrica, and so on for the entire route, through the thick forest between Gornji Vakuf and Novi Travik, they took care of the crew's safety.

The relaxation of the "supervisors" that we encountered can only mean that little by little, mutual trust is being

created between the Croats and Muslims. The apocalyptic scenes from Gornji Vakuf, however, raise the question of whether there can ever be real trust again.

Gornji Vakuf, through which we only passed, offers a picture of the bestiality of the war between the Bosnia-Herzegovina Army and the HVO. There is virtually not a single house left intact. There are no whole windows. They have been replaced by nylons. People are cautiously digging their gardens: Everything is full of unexploded shells. Some of them have been activated precisely by agricultural work.

On Pavlovica, a plateau above Novi Travnik, a Bosnia-Herzegovina Army soldier who stopped us and offered an escort to Zubic, from which the territory is under the control of the Bosnia-Herzegovina Army, called the one-year-long war between the Croats and Muslims a "return to the past."

"We have regressed, both materially and spiritually, at least 100 years. How else can we explain this disaster, the burnt houses, and the crimes?" he said.

Describing his need to escort us to the joint checkpoint before Novi Travnik, he explained that this had been his only job for the past two months. He said that in the thick forests there were still a lot of gangs of robbers who stopped convoys, jumped into the trucks, and robbed the passengers.

There was an incredible scene again at the next stop—incredible, if one considers the fierceness of the battles just two months ago in that area between the Croats and Muslims.

Quite tipsy and embracing each other, members of the HVO and the Bosnia-Herzegovina Army were singing a repertoire of songs ranging from Bosnian love songs to "Cavoglav." They had already forgotten the past war. The Croats were boasting that two discotheques had already been opened in Novi Travnik, but said that they could not yet guarantee that their Muslim colleagues from the checkpoint would be welcomed.

"For the HVO, at least in the Novi Travnik area, the war is over. We are now in a wonderful position: The Muslims are a buffer zone for us there with respect to the Serbs," they happily added.

Dreadful Secret Massacres in Ahmici

The area under HVO control extends from Zubic, toward Novi Travnik, to Kacun, behind Busovaca, with a narrowing in the Lasva valley between the hills on which fierce battles were fought until recently.

The entire valley began to resound with explosions after the recent massacre that members of the HVO committed in the village of Ahmici, near Vitez.

Today no one can offer any testimony about the massacre anymore.

All the victims were killed in the most brutal way. In Mahala, part of Stari Vitez, which the Bosnia-Herzegovina Army is keeping under supervision, there is a gravestone today on which 99 names are written, many of which are listed as "unidentified and turned to charcoal." The residents of Mahala claim that the number of victims is much higher, but that the bodies of the people killed could not be found....

Although Ahmici, unfortunately, has become a sample of the HVO's attitude toward Muslims in the world media, GLOBUS's reporters were the first Croatian reporters to visit that village.

Ahmici has been thoroughly destroyed today, but one can sense that until recently it was a very rich village.

The large mosque that dominated the village has been almost cut in half, and the minaret, instead of being straight, is turned toward Busovaca like a cannon.

Around the vicinity of the elementary school, on a meadow, two Croatian women from the neighboring village are watching cows and sheep. These are the only signs of life in Ahmici.

Not far from Ahmici is Buhine Kuce, the village in which the fate of Vitez has been decided. With the complete liberation of Buhine Kuce, which the Muslims succeeded in doing at one time, the Bosnia-Herzegovina Army would be just a few hundred meters from cutting off Vitez completely from Busovaca. That is why the bloodiest battles were fought there.

Today the line of separation between the Bosnia-Herzegovina Army and the HVO is in the middle of the village.

There was no army. Only scouts from both sides could been seen now and then.

The residents of Croatian nationality, who had come to visit their houses, were not even thinking about returning.

"Why would we repair out houses, when we will be fighting the Muslims again soon?" they said.

They think that there cannot be any mutual trust again, after everything that has happened.

Massacre in Krizancevo Selo

Above the crossroads toward Vjetrenica, and on toward Zenica, along a narrow rural road, we arrived at the "famous" Krizancevo Selo, which offers a magnificent view of Vitez, "right here, from below."

One surprise attack by Bosnia-Herzegovina Army special units cost the lives of about 70 people, mostly civilians. The Muslims wanted to penetrate through Krizancevo Selo to Mahala, and by establishing a corridor, to save the lives of 1,500 Muslims besieged in Vitez, and to penetrate further to arms factories in Vitez.

It did not go any further than crimes and burning houses and sheds there either, just as in Buhine Kuce.

Today, only the kilometers of trenches recall the recent warfare in this region.

Zoran Tomic, whom we encountered bringing large logs out of the forest with horses, told us that he did not believe in the present peace at all, and as an illustration, showed us a concealed "doll" (catapult) hidden by hay; he is also still prepared to activate a "television" in the middle of a meadow.

Specifically, "televisions" are pieces of reinforced concrete full of explosives, which are activated by pulling on a wire from a decent distance and pulling a fuse out of the "television." Zoran told us that this was the only way that they could oppose the powerful Muslim assaults from the direction of Zenica, since an activated "television" destroys everything around it over an area of about 300 square meters.

"I am always ready to give my house on the front line to anyone who believes in the peace; and he can live in it. I don't believe it!" Zoran finished his story.

2,000 Croats Have Left Kakanj and Zenica for Good

Not far from Mediapan, a factory near Busovaca in the Lasva valley, at a place where there was once a gas station, the liveliest trade between the two formerly warring sides is taking place today.

Although a border crossing certificate is valid for 24 hours (return is mandatory during that period), it is usually a one-way ticket for Croats from Zenica or Kakanj.

Instead of their expected return after visiting family or engaging in commerce, for which a certificate is usually given, the Croats are deciding to remain in Busovaca or Vitez.

According to Darije Kordic, since the joint checkpoint was established Zenica and Kakanj have been left permanently by 2,000 Croats. That was all after the signing of the Washington agreement....

Ivanka Pokrajac from Zenica, a Croatian woman born in Ljubuski, thinks the same way: "I am only waiting for an opportunity to change my apartment legally!"

Zvonimir Cilic from Vitez only shrugged his shoulders and commented, "The claims made by that unfortunately Ante Valenta, who talked about the humane resettlement of the population, are coming true...."

Where Are the 10,000 Croats From Vares?

Vares, along with Kresevo, is a city in which the Croatian majority was most definite before the war. Of the 11,000 Croats before the war, today there are only 750 in Vares. Brother Ilija Pipiica claimed that "The Croats did not even have to move out of Vares...."

"This has to do with a deliberate plan to have the Croatian population evacuated out of this region, and its implementation began with Kakanj. That was why Ivica Rajic came to Vares from Kiseljak, and, by committing the crime in Stupni Do, infuriated the Muslims, instilled fear in the Croats' bones about possible Muslim retaliation, and took the Croats to Kiseljak," Brother Ilija said.

Without the Croats, Vares seems as empty as a cemetery. It has still been difficult for the Muslims to fill that many empty apartments and houses in the past half year. There is almost no life in the city.

The shops, which were mostly owned by Croats, have been closed or boarded up.

The windows have been broken, and devastation can be seen through them.

Except for one burnt multistory building, which local Muslims say "the Croats burnt while withdrawing," all the buildings are intact. Unfortunately, the surrounding villages cannot boast of their state of preservation.

Borovica, a village in which 970 people lived before the war, is an empty burnt-out ruin today.

The retaliatory campaign by the Bosnia-Herzegovina Army because of Stupni Do was also felt by the villages of Dubostica, Pogar, Semizova Ponikva, Krcevine, Radosevici....

Stupni Do, a village above Vares, is only about a 10-minute drive away along a mountain road, but will be recorded in capital letters on the map of crimes against civilian populations, not just because of the massacre of 38 people and the completely burnt and destroyed houses, but also because of the large exodus of Croats, which was initiated in fear of Muslim retaliation. The criminal morning assault by Rajic's soldiers will be remembered as one of the blackest stains on Croatian policy in Bosnia-Herzegovina.

"How Can I Forget All This?"

We arrived in Stupni Do escorted by police officer Edin Ganic, since we explicitly asked the chief of the Vares police for someone to be with us. Our request led to a bitter quarrel between the chief of police and the mayor, who did not conceal her open dissatisfaction with our presence. A telephone conversation, conducted in harsh tones and far from gentle words, ended with the mayor slamming down the receiver.

Stupni Do is high above Vares-Mejdan like an eagle's nest. The cataclysmic scenes of the life that has disappeared in the village are only disturbed by the mountain wind.

The fact that we, as Croats, who had arrived in a car with Croatian license plates, were visited a place where Croats had committed a crime, disturbed us further.

One of us reassured us by saying that life has to go on, even after crimes like this.

We only found one woman and a child in the village.

We asked her, stupidly and naively, whether it was even possible to live together again after events like this.

After surprise could been seen in her eyes at our presence, she burst into tears and muttered, "How can I forget all this?"

We headed for Visoko, through Breza. We were never alone in the car: We always picked up hitchhikers, of whom the roads were full.

Although the establishment of joint checkpoints has ensured that the roads are passable and that fuel can be purchased—which was inconceivable just two months ago—people do not have access to gasoline. In the areas under control of the Bosnia-Herzegovina Army, its price is DM3, and DM2 in Busovaca, Vitez, and Kiseljak. In Prozor and Tomislavgrad, the prices are Croatian ones.

In Zenica, people like to say that Visoko has "forgotten the war." "That only shows how much the Muslims and Croats are not real enemies," we were told by our host, Kemal Vrazic-Ibe, a former member of the Yugoslav national handball team (his son is now playing for the Varteks handball team from Varazdin), and now a successful businessman, who, they say, "got everything through thievery and tricks."

Kemal is the owner of several hotels in Visoko and a bakery, while his father Ibrahim is a famous Visoko leatherworker. Two months ago, he boasted to us, he arrived in Visoko from Zagreb as an honorary member of the "Roads of Peace and Love" convoy.

"I love Alija more than my own father, but I ask you—If his departure from the position of president would bring his people better days, should he resign?" he asked us.

"Probably...."

"I think so, too."

Kemal told us that after the chetniks hit his restaurant, Slobodna Bosna [Free Bosnia], they sent him a message through Radio Ilijas that they had "destroyed his state." The next day, through Radio Visoko, he retorted that "He would make his state even more beautiful in three days." And he really did rebuild his restaurant in three days.

Police Beat "Deserters"

The hardest thing for Kemal is that he has to go to a shop in Kiseljak. Many Muslims, however, have to wait for a long time to enter Kiseljak, if they ever do.

Several Croats with whom we spoke at the Jedinstvo boarding house in Brestovski, owned by Vinko Vujica (the father of Sanja Vujica, last year's Miss Istria), were firmly against Muslims' returning to Kiseljak.

"If that has to happen, I will sell my land and house and move. I fought for a year in order to know that I would be in my own place, and now that happens to me. It is out of the question!" one person told us.

Another one was ready "to shoot the first one who entered Kiseljak."

The atmosphere in Kiseljak is such that it is not even necessary to wait for "returning Muslims" in order for rage to erupt. A few days ago, three Croats who had arrived in Kiseljak from Germany after spending five years there were thus beaten by the police, because of the accusation that they were "deserters," and one of them died from the beating....

Tudjman Says Forces Can 'Liberate' Territories

AU0707180894 Zagreb HINA in English 1734 GMT 7 Jul 94

[Unattributed report: "President Tudjman Addresses Displaced Persons in Vinkovci"]

[Text] Vinkovci, 7 Jul—Croatian President Franjo Tudjman on Thursday afternoon visited Vinkovci. Addressing a gathering of refugees from Vukovar and Ilok at the Vinkovci City Hall, President Tudjman said that not only Croats, but all non-Serb peoples were victims of an attempt to create a greater Serbia. He said no effort would be spared to ensure the prompt return of the displaced to their homes and the return of every inch of the Croatian territory under Croatia's rule.

Noting that Croatia had its own armed forces, as well as friends all over the world, President Tudjman said Croatia could count on its own forces to liberate the occupied territories and ensure the return of the displaced. President Tudjman also stressed that Croatia wanted to resolve these problems by peaceful means, in order to devote all its energies to economic development. "If the UN stayed impotent, then Croatia as a sovereign and recognized state would have to take other steps because our top priority is the return of the entire territory under Croatian rule. I assure you that we will know how to achieve this," President Tudjman concluded.

Martic Calls for 'Single, Mighty Serb State'

LD0707201294 Belgrade TANJUG Domestic Service in Serbo-Croatian 1908 GMT 7 Jul 94

[Text] Knin, 7 Jul (TANJUG)—Milan Martic, president of the republic of Serb Krajina, sent a greetings message to Serbian President Slobodan Milosevic on the occasion of 7 July [Serbian Uprising Day], ISKRA reports.

"Today, as 50 years ago, the freedom-loving Serb nation is standing at the bulwark of the motherland in defense of liberty, independence, and dignity," Martic says, adding his conviction that the Serb people will once again raise their voices against the diktat of the world's power-brokers who are tailoring new global policies from a position of strength and tearing the Serb nation into Serbs east and Serbs west of the Drina.

"Mr. President, I am convinced that in the near future, the Serb nation will create a single and mighty Serb state on the entire Serb ethnic territory," Martic says in his message to Milosevic.

Zagreb Envoy Reports on Serb-Croat Relations

LD0707145694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1240 GMT 7 Jul 94

[Text] Belgrade, 7 July (TANJUG)—Federal Deputy Prime Minister Zeljko Simic today received Veljko Knezevic, head of the government office of the Federal Republic of Yugoslavia [FRY], in Zagreb.

A statement by the Federal Information Ministry says that during the talks Veljko Knezevic informed Deputy Prime Minister Simic about the process of normalizing relations between Croatia and the FRY. He said that he was convinced that Croatian public and official policy wanted relations to be improved, primarily in the sphere of concrete real-life problems.

Veljko Knezevic stressed that during his stay in Zagreb he got a feeling that a large section of the Croatian public wanted all disputes to be resolved by peaceful means and all issues which can be solved now to be discussed and regulated soberly and realistically. In their opinion, war-mongering and the use of force are against the vital interests of both sides and the international community's policy, the statement says.

Zeljko Simic stressed that the Federal Government was openly interested in the further process of normalizing relations between the FRY and Croatia. Simic stressed that the path to a final solution had to be gradual and completely in line with political reality and real life, and that appropriate and rational means had to be found to reach a more complete normalization of Serbian-Croatian relations on the whole. These relations are, especially in the current international situation, the key precondition for the peaceful resolution of all disputes in the territory of the former Socialist Federal Republic of Yugoslavia, as well as for an end to the civil war in the former Bosnia-Herzegovina, the establishment of a lasting and stable peace and for reaching diplomatic and negotiated solutions to the biggest political problems—the statement of the Federal Information Ministry says.

Akashi Demands Refugees Lift Blockade of UN

AU0807060194 Paris AFP in English 1858 GMT 7 Jul 94

[Text] Zagreb, July 7 (AFP)—UN representative in ex-Yugoslavia Yasushi Akashi demanded Thursday [7 July] that Croat authorities end blockades of UN control posts "immediately," said UN spokesman Paul Risley.

Over recent weeks, the United Nations Protection Force (UNPROFOR) has been accused of favouring Serb separatists in Croatia.

Refugees have blockaded control posts in areas between Serb controlled territory in Croatia and the rest of the former Yugoslav state, protesting at UN "inefficiency" since UNPROFOR began operations in Croatia in March 1992.

Akashi found it unacceptable that UNPROFOR was not being allowed to carry out its duties unhindered, said Risley. He added that the Croat government had been approached with a view to putting an immediate end to the situation.

The UN spokesman deplored the fact that Zagreb appeared to be supporting the protestors. He added that the Croat authorities had gone back on a promise not to hinder the work of UNPROFOR peacekeepers.

Protestors have attempted to stop vehicles going into and out of the self proclaimed Serb "republic" of Krajina. Both UNPROFOR vehicles and convoys from the High Commissioner for Refugees have been affected.

In eastern Croatia an official from the town of Osijek, Branimir Glavas, dumped four lorry loads of rubbish in front of a UN control post after Russian peacekeeping troops closed the road to the local rubbish pit, which is in no-mans-land.

Around 260,000 people were displaced by the war in 1991. They blame UNPROFOR for the fact that they still have not been able return home.

The Croats are threatening to refuse to renew UNPROFOR's mandate in Croatia, which runs out on September 30, unless more is done to bring Krajina back under Zagreb's control.

Refugees Continue Protest

AU0707125394 Zagreb HINA in English 1040 GMT 7 Jul 94

[Unattributed report: "Displaced Persons Keep Blocking UN Checkpoints"]

[Text] Nova Gradiska/Zadar/Novska, July 7 (Hina)—Displaced persons accommodated in the Nova Gradiska area keep blocking roads towards UNPA [UN Protected Area] West in a protest against UNPROFOR's [UN Protection Forces] inefficiency. They set up their checkpoints in Gorice and Cernicka Sagovina. Protesters are handing over to UNPROFOR members leaflets in English and Croatian with excerpts from the Vance peace plan. In the Zadar-Knin County, displaced persons will block UNPROFOR checkpoints in Jasenice, at the foot of Mount Velebit, and Zemunik Donji on Saturday, 9 July, until their demands are fulfilled, said head of the local association of displaced persons Radoslav Bobanovic at today's press conference in Zadar. He added that they do not protest against UNPROFOR personnel, but they call on the international community to understand unbearable position of exiled people. Displaced persons in Novska blocked the Krapje-Jasenovac road near Drenov Blok which UNPROFOR vehicles had used as a roundabout road in the last five days from free territory of Croatia to the occupied areas. In that way, UNPROFOR vehicles avoided the blockade on the Brocice-Jasenovac road. Now, displaced persons in the area of Novska are only allowing vehicles of Caritas and Merhamet (humanitarian agencies) and refugees from the Banja Luka area (northwestern Bosnia) to freely pass blockades.

Refugees Protest UN Mandate

AU0707193694 Zagreb HINA in English 1820 GMT 7 Jul 94

[Unattributed report: "Croatian Refugees Protest Against UNPROFOR in Primosten"]

[Text] Primosten, Jul 7—UNPROFOR [UN Protection Forces] must leave Croatia unless it deploys its troops on the international borders of Croatia before the expiration of its mandate on September 30, said a protest rally staged by refugees from Serb-occupied territories in Primosten near the central Adriatic coast town of Sibenik on Thursday. The rally was attended by member of parliament Ante Djelalija, who supported refugees' views and said he would inform Parliament about their decisions. The refugees expressed indignation at the fact that a camp site in Primosten had been leased to the Canadian UN Battalion until 1 April 1995. They said they believed that somebody was extending UNPROFOR's mandate on his own. They were also angered that the UN peace-keepers had turned the camp site into a military stronghold enclosed by barbed wire and machine-gun posts.

Opposition May Attend Session on UNPROFOR

AU0707201894 Zagreb VJESNIK in Serbo-Croatian 7 Jul 94 p 3

[Article by Branko Podgornik: "Opposition Agreement Most Likely on Tuesday"]

[Excerpts] It is still unclear whether the opposition parties will attend the session of the parliament on 16 and 17 July (Saturday and Sunday), at which the UN Protection Forces [UNPROFOR] will be discussed. "Everything depends on what the opposition parties agree on on Tuesday, when they are to hold a meeting," says President of the Croatian National Party Dr. Savka Dabcevic-Kucar. Other leaders of the parliamentary opposition answer in the same vein. [passage omitted]

Observers believe that the importance of views on UNPROFOR could push the opposition parties to at least temporarily return to the parliamentary debate. True, Drago Stipac, president of the Croatian Peasants' Party [HSS], says that the opposition parties, regardless of their presence at the parliament session, will find a way of expressing their views regarding the extension of the UNPROFOR mandate. Stipac added that the HSS would debate the party's presence at the parliamentary session at the meeting of the HSS Presidency scheduled for the end of the week.

Since the opposition is continuing its intraparty and interparty consultations, we need to wait for their decision regarding its (non)attendance at the parliamentary session until next week.

Jewish Community Protests Racial Intolerance

LD0707205094 Zagreb HTV Television in Serbo-Croatian 1730 GMT 7 Jul 94

[Text] The Coordination Committee of the Jewish Communities of Croatia issued a public letter on Thursday which states, among other things:

The Coordination Committee of the Jewish Communities of the Republic of Croatia states with regret that there has been no response to its letter sent to the highest-ranking state officials [on 29 November 1994].

In the letter, demands were made for the return of monuments on the site of the former concentration camp in Jadovno and on other sites of mass Ustasha crimes against members of the Jewish and other nations. The Committee also protested against increasingly frequent instances of the distortion of historical facts through the rehabilitation of the criminal Independent State of Croatia [NDH] and warned of unfavorable reactions to and consequences of the name kuna given to the new Croatian currency.

We note with pleasure, the letter goes on, expressions of sympathy with the Jewish people and comiseration with the victims of fascism and other antifascist statements which have come from president Tudjman in recent months. We also welcome a move to rename Mile Budak School in Zagreb. Unfortunately, at the same time, there are a growing number of events in Croatian public life which cause our concern and indignation, the letter says, adding that various newspapers have fomented national intolerance and hatred, directly offending Jewish and other nations.

For instance, the Croatian VJESNIK of 10 April 1994 and various rightwing parties and groups are organizing public celebrations to mark the anniversary of the NDH and of Ante Pavelic, while the state television carries extensive reports of these events without any critical remarks or reservations.

We find these phenomena offensive to the Jews and to the entire democratic public, and worrying for Croatia. Because of all this, the Coordination Committee of the Jewish Communities of the Republic of Croatia demands that on the basis of Article 39 of the Constitution of the Republic of Croatia, the public prosecutor take legal action against Croatia's VJESNIK for fomenting national intolerance and hatred and institute proceedings on a regular basis whenever and wherever similar articles appear. We also propose that the Croatian Parliament pass special legislation which, on the basis of the abovementioned article of the Constitution, will prohibit and stipulate penalties for the spreading of national and religious intolerance and hatred, as has already been done in most countries of the developed democratic world, we read in the public letter signed on behalf of the Coordination Committee of the Jewish Communities of the Republic of Croatia by its president, Ognjen Kraus.

Interview With Commander of 84th Guard Unit

94BA0326B Zagreb VJESNIK in Serbo-Croatian 9 Jun 94 p 8

[Interview with Major Ivica Arbanas, commander of the Zadar Termites, by Ivica Marijacic; place and date not given: "'Vukovar Is Much More Trouble to the Serbs Than to Us'"]

[Text] *Major Ivica Arbanas, a person who, among other things, defended Vukovar, now has a new mission: creating a professional Croatian Army battalion, the 84th Guard Battalion, composed of the most competent and well-trained young men, and capable of the most difficult tasks in any area, with any weapons whatsoever.*

Ivica Arbanas is a person who is hard for reporters to reach, partly because he does not have any desire at all for any sort of media publicity, but more because of the impossibility of finding him in a civilian situation. Since he left his native Smilcic near Benkovac in 1990 and joined an Interior Ministry special forces unit, he has practically never returned to a peacetime situation. In the middle of 1991, he moved from the Interior Ministry to the National Guard Corps, he was immediately thereafter sent to Vukovar, and there he was one of the commanders of the defense of that Croatian Guernica. Today Arbanas can spend days and months talking about what he lived through during the war in Vukovar. In him, a Dalmatian and someone from Ravni Kotari, Vukovar is a painful and unhealed wound, but also an inspiration to continue to defend Croatia.

Major Ivica Arbanas is the commander of the newly formed professional 84th Guard Battalion of the Croatian Army. He has gathered and is still gathering around himself the bravest and most competent young men from domestic military units, and training them, although all of them already have behind them considerable combat experience. They have named themselves the "Termites."

[Marijacic] What sort of unit do you want to turn the 84th Guard unit into?

[Arbanas] We want to build a highly capable battalion, a unit for which quality is more important than quantity. We are basing our training on the NATO system, which means that my soldiers have to be and are prepared for all weapons and all situations. This unit has to be recognized for its training and discipline. The motivation of the young men who have joined it is not open to question at all, and we do not have any problems with response either. They have all been fully trained before now in defending Croatia, but now their high individual potentials have to be incorporated into one team, the 84th Guard Battalion. We want to have the best soldiers, but that does not mean that we want to leave the other units in the Zadar area without their best fighters. The battalion's headquarters is in Zadar, and that is the only

reason why the 84th Guard Battalion is a Zadar one. In any case, it is open to all young men from all parts of Croatia.

[Marijacic] Does the 84th Guard Battalion want, for example, to carry out the mission of liberating the occupied Zadar territory and break through the occupier's lines, of course in cooperation with other units?

[Arbanas] I have not questioned that at all for a long time now!

[Marijacic] Can any fighter join your unit?

[Arbanas] Anyone can apply, but the selective training is very difficult and demanding. We have our own criteria and limits, and rules about discipline and conduct. That is the only way that we can be what we want to be, a highly trained unit, ready for everything in every situation.

Vukovar Is Not Being Forgotten

While we thus talked with the commander of the 84th Guard Battalion in Zadar, Major Ivica Arbanas, he had to answer several telephone calls, and in every conversation the words Mitnica, Opatovac, Vukovar... were heard. One could conclude from that that his days in Vukovar are still real to this young man. Consequently, we could not have avoided Vukovar as a subject of conversation even if we had wanted to.

[Marijacic] What sort of emotions does Vukovar arouse in you today, after a distance in time?

[Arbanas] A person cannot remain or become indifferent after all that. You know what happened there. Those pictures of hell, blood, the scenes of Mitnica, the Trpinja road, Borovo Naselje, are always with me. All of us Vukovar fighters know what we went through there. The enemies also know, of course. We showed, however, that we can, will, and want to defend what is ours. We broke the enemy's teeth and showed the whole world that Croatia can defend itself. That is not any consolation to many people today, but the Vukovar story is not over. The Serbs must know that we will return to Vukovar, and that what they made of that city cannot be forgotten. We will not return with flowers in our hands, nor should the Serbs meet us with flowers. Believe me, they know that very well. Vukovar is more trouble and more of a nightmare to the Serbs than to us Croats.

Croatia Is Not Just in My Yard

[Marijacic] When you replay that terrible film today, how do you see the defense of Vukovar, which you partly also commanded?

[Arbanas] While we were defending ourselves desperately in November 1991, we did not have time to think. Those were bloody and continuous battles, and a great force was turned against us. The Serbs' morale was crushed, and we were crushed by not having either equipment or ammunition. But, I repeat, we did not have time to think about that unequal relationship. We resisted, and until the last day we believed that we would hold out, because we did not believe that we could have held out so long. Every one of us gave what he could in the defense. That is why I am against mutual accusations and denunciations after Vukovar's fall. We tried to offer resistance in that agony, even after it had become definitely clear that we would not succeed, especially after the road to Borovo Naselje was cut off. Even then, no one wanted to think that the city would fall. We went to the end with our will and hearts. I do not want to go into the conflicts among individual defenders after its fall, but I do not think that they are too deep. All of us Vukovar fighters know each other. Today only those who did not give anything for Croatia and its defense, but could have—and should have—should be denounced.

[Marijacic] Do you stay in touch with your surviving fellow fighters from Vukovar?

[Arbanas] Sometimes; they are scattered. Many of them have died, but nevertheless, a nucleus of the Vukovar defense has been preserved.

[Marijacic] How is it that a Dalmatian went to defend Vukovar, while the Zadar area was also suffering serious wartime trials?

[Arbanas] Croatia is not just in my native Smiljcic and in the yard of my home! As far as I am concerned, Croatia is from Dubrovnik to Vukovar. When things were serious in Vukovar, it was not possible to abandon it. I watched those terrible scenes and realized that those people, fellow fighters and civilians, needed me. Just a few hundred kilometers behind us were women, old people, children. They saw God in us, everything, they believed in us and we did not dare to let them down. That is why we fought like lions. After the fall, it was more difficult than those battles to watch how the occupiers were treating those same people. That is why Vukovar is always a big painful memory, a symbol of Croats' suffering, and as such it cannot be erased. Along with being a great tragedy and genocide, however, it is also a lesson for Croats.

[Marijacic] The Serbian Chetniks think that it will end that way.

[Arbanas] Even during the battles for Vukovar, they were lucky that they could retreat, because they knew what kind of losses they were suffering. On the other hand, some sort of honor on their part did not allow them to give up, precisely because of those heavy losses. If they think that this situation is how it will end, that is their problem, although I have said that Vukovar is more of a nightmare for them than for the Croats. Nevertheless, not one citizen of Vukovar or defender of Vukovar can rest while the occupiers are in it.

[Marijacic] Would you go to liberate Vukovar?

[Arbanas] If I receive a summons tomorrow, it will be an extraordinary honor for me. It will be an honor for every

Vukovar fighter to receive such an order, and almost all of us live for it. Let politics do its job, however; we are professionals, we have our feelings, but we cannot be guided by them.

Even Every Vukovar Baby Is a Legend

"I cannot be at peace while my homeland is occupied, anywhere," Major Ivica Arbanas said later in the conversation, answering a question about whether he was more at peace or otherwise after everything that had happened. He does not consider himself any sort of legend, even though others acknowledge him as such. He says, in fact, that the legend in Vukovar during that tragic November of 1991 was everyone, every defender, but also every newborn baby that had to suffer through that hell.

During the conversation, more and more details from the Vukovar chapter of the war came back to Major Arbanas. He recalled the late Blaga Zadra and the message to the Chetniks on the Trpinja road: "Send us the tanks; the more of them you send, the more shields we have." Then the defense of the silos. Then, in Vukovar, he came to know a girl who was also a fighter, with whom he is living today in Zadar.

Major Ivica Arbanas talks with equal willingness about his native occupied Smilcic in the Zadar hinterland. He lived in that village for 22 years, and went to work at the Zadar SAS factory. When the war knocked on his door, however, he did not hesitate.

He is not too burdened by the deeds and corresponding appreciation of the Vukovar heroes, among whom he is included. "Our time has yet to come," he says, adding that all those who have given everything for Croatia will have to be appreciated. "I believe that our leadership will not forget about those people who went to war for Croatia, and not for themselves and their careers." After the fall of Vukovar, Arbanas is not angry at anyone. "At whom, the Chetniks? Well, you know, it is war, we know who they are and what kind of enemies they are," he said. "It is not time for despair," he added. "We have to go on, because serious tasks are facing the Croatian Army." And really, after our conversation, Major Ivica Arbanas went to handle one more day as a professional soldier. The Zadar Termites, the kind of unit that Zadar has waited a long time for, went after him.

[Box, p 8]

Why "Termites"?

In response to a question about why the soldiers of the 84th Battalion called themselves the "Termites," Major Arbanas said:

"We thought a lot about what symbolic name to give ourselves. We arrived at the idea of being termites. It is a kind of ant, a small animal, which, however, has its own system and hierarchy. When termites attack an oak, they gnaw into the heart of it, and nothing is left of the trunk. That name also contains a message to our enemies, a message that will be remembered when we get the green light for that."

Popovski Views Border Dispute With FRY

AU0707134394 Skopje NOVA MAKEDONIJA in Macedonian 7 Jul 94 p 2

[Report on interview with FYROM Defense Minister Vlado Popovski by unidentified Macedonian Press Bureau correspondent on 6 July; place not given: "Preventive Diplomacy Achieved Results"]

[Text] Skopje, 6 July. After a series of incidents on the Macedonian-Yugoslav border, particularly after the occupation of the Mount Straza peak in Cupino Brdo, it looks as though the situation has substantially changed in a positive way over the past few days. Are there any real chances of reaching a final solution for our northern border, or will it simply remain as yet another pressure in the hot-cold style? That was the first question for the Defense Minister Vlado Popovski when he was interviewed by the Macedonian Press Bureau.

"I cannot claim that there is a chance of reaching a final solution for our northern border, because the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] has not been recognized by the Federal Republic of Yugoslavia yet. Recognition is a precondition for resolving the situation on our northern border. In theory, we can do it in reverse. We can first divide and mark the border and that will automatically mean the recognition of Macedonia's statehood. Considering the conflicts and tensions that have developed on the northern border, the government thought it was the right time to take a formal procedural step and form a government delegation that would make up part of the intergovernment or interstate commission responsible for the definition of the border of Macedonia's territory."

Asked if the diplomatic steps in this case proved to be more efficient than a possible testing of our army's fighting abilities, the defense minister replied that, regarding the tensions on the border, that is the Cupino Brdo case, the diplomatic and political methods aimed at the relaxation of tensions and for the liberation of Cupino Brdo from the Yugoslav guards proved to be efficient. The international community was also involved, as well as the CSCE, with an effective influence of the United Nations and UNPROFOR [UN Protection Forces] in Macedonia. This mechanism demonstrated that preventive diplomacy is producing results on Macedonia's soil.

Regarding the "hot" issue about how possible it is for Krivolak to become someone's military base, the defense minister emphasized that controversial information has been issued in the media about Krivolak. In other words, Vlado Popovski said that since there are no official initiatives from any side, neither from ours nor from a foreign side, there are no any grounds or initiatives for Krivolak to become a military base.

Government Expects Albanian Ministers To Resign

AU0707143194 Skopje VECER in Macedonian 7 Jul 94 p 3

[Report by V. Velevska: "Will the Boycott Continue?"]

[Text] The [ethnic Albanian] PDP [Party for Democratic Prosperity] parliamentary group has not made a decision yet on its possible resumption of work in the Macedonian [The Former Yugoslav Republic of Macedonia] Assembly. "The situation is status-quo," Ismet Ramadani, the PDP's deputy parliamentary coordinator, told us.

In the information on a temporary suspension of work in the Assembly distributed to the media by the PDP on Friday [1 July), it was stated that the reason for such an action was the "revolt after the severe penalties for the 10 Albanians in the paramilitary court martial."

The further statements of the deputies stressed their proposal for a change in the constituencies as a precondition for resuming work in the Assembly.

Uncertainty

"As regards our requests, we have not yet had a meeting with our coalition partners and that is the reason why we have not yet decided whether or not to resume our participation in the Assembly," Ramadani said. On the other hand, they are having intensive discussions with diplomatic representatives in our country.

The presidency of the legislative body has announced that it has not been officially informed about the PDP's withdrawal from the Assembly. The same source said that it expected the current session on the adoption of the election law for deputies to be scheduled in the next few days. They expect to resolve the uncertainty about the passing of the new deputies law, which has been postponed four times because of a lack of quorum.

Evaluations

Members of the coalition say that the PDP will most probably announce its next actions by Monday [11 July]. They express hopes that this party will return to the Assembly and realize that it is objectively impossible to fulfill their requests. "It is clear that the legislative authorities cannot interfere in court decisions, and as far as the constituencies are concerned, we have pointed out in parliamentary debates that their alteration would involve passing new laws on territorial divisions and local self-government, but, in view of the present forces in parliament, it is impossible to pass them during this parliament," coalition deputies say. They explain that the PDP's demands result from its fear about the outcome of the census, as it is expected that the census will prove that the number of ethnic Albanians has been exaggerated, and that was exactly what the PDP has been using as its main "trump card" on the domestic and international scene.

The government, on the other hand, considers that the PDP will not only stat away from parliament, but that it will even withdraw its ministers from the government. "One of the reasons for the PDP's boycott has certainly been its wish to improve their positions with the NDP [National Democratic Party] and Taci's faction [of the PDP], and they are now making an attempt to free themselves from responsibility by refusing to participate in parliament," Dosta Dimovska, vice president of the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Movement for Macedonian National Unity] told us. This party's stance is that there has to be a classic parliamentary and government crisis, and the "prime minister must automatically resign and new elections should be organized." Unofficial information is that the VMRO-DPMNE will soon come up with a proposal for a confidence vote in the government, even though it is thought that there will not be the necessary support for a vote of no confidence.

Commission Appointed To Resolve Border Issues

AU0707140194 Skopje MILS-NEWS in English 7 Jul 94

[Unattributed report: "Northern Border Still Problematic"]

[Text] In his interview for the Macedonian Press Bureau, the Macedonian Defense Minister Vlado Popovski said: "It cannot be freely said a final solution to the problem on the northern border is at reach, as the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] is not yet recognized by Federal Yugoslavia, which is a precondition for determination of the mutual border line." He added it is theoretically possible to go the other way around—to determine and demarcate the border prior to the recognition, which would automatically grant a recognition of the state. "It is up to Federal Yugoslavia to choose the way. We on our part are eager to see both things happen as soon as possible. In regard to this, the Macedonian Government made the first step by appointing a committee aimed to start negotiations with the Yugoslav side. In this way, we have done our part and proved to the international public our good intentions to preserve the peace and stability in the region." Asked whether Macedonia has its defense system and whether it is capable of defending itself on its own, Minister Popovski answered positively, underlining international military and expert evaluations of the Macedonian Army as homogeneous, highly trained, disciplined and effective within frames of its abilities.

Chamber of Commerce Views 'Chaotic' Economy

AU0107164794 Skopje MILS-NEWS in English 1 Jul 94

[Unattributed report: "Producing Losses"]

[Text] The Executive Committee of the Chamber of Commerce held a session to state the production is decreasing way above percentages predicted by the stabilization program—15 percent in the first four months. The export has also decreased by 13 percent, whereas the course of the denar is not adequate to the economy. It was also said Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] is leading extremely liberal politics, the methodology of calculating wages is not realistic, about 100,000 employees have not received wages for two, three, or more months, the monetary politics is too restrictive, and the economy is so burdened that most firms are spending last year's reserves. The Economy Bank director confirmed all firms are presently producing losses, regardless of the fact whether they are working or not. It is only an illusion the reconstruction of banks in the country is shortly realizable and the first measure will be banning credits for firms with debts towards the banks. Firms' managers said the economy in Macedonia is chaotic rather than a free-market one, with increased influence of political parties in the work of the companies. Minister of Development Sofia Todorova informed certain elements of the politics and the budget are being redefined, while banks are to be reconstructed. She also announced a recession in the second half of the year, as well as additional finances for the public sector.

Dusan Petrevski, president of the Chamber of Commerce, warned 70 percent of the promised finances will have to go to the employment office if the situation continues to develop as it does. The chamber has thus far proposed 27 urgent measures, but not one has been accepted.

Police Break Smuggling Chain

AU0807091394 Skopje MILS-NEWS in English 8 Jul 94

[Unattributed report: "Arms Smuggled From Yugoslavia and Greece"]

[Text] The Macedonian television unofficially reports police have interrupted another arms smuggling canal in Bitola and Prilep. Police have discovered a considerable quantity of pistols, hand grenades, and ammunition, smuggled in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] mainly from federal Yugoslavia and Greece. Several citizens of various nationalities have been taken into custody.

Peterle Meets Clinton, Discusses Arms Embargo

AU0807103794 Ljubljana Radio Slovenia Network in Slovene 1700 GMT 7 Jul 94

[Excerpt] Foreign Minister Lojze Peterle was received by U.S. and Polish Presidents Bill Clinton and Lech Walesa in Warsaw this afternoon.

As has been reported, Foreign Minister Peterle attended in the Polish capital a conference of nine central and eastern European states and U.S. Secretary of State Christopher, in which security, democratic processes, and economy were discussed. Tomaz Gerden reports from Warsaw:

[Begin Gerden recording] The meetings both of foreign ministers with the two presidents and then each of them individually with President Clinton were closed to the public. Mr. Peterle told us, however, that he thanked the U.S. President for the attention of this country in admitting Slovenia into the Partnership for Peace plan and at the same time reminded him that the arms embargo, originating from the embargo for the whole of former Yugoslavia, is still in force against our country.

He presented Slovene successes in the transition to market economy and democracy to Clinton. [passage omitted]

Drnovsek Criticizes Postponement of EU Talks

AU0807102094 Ljubljana Radio Slovenia Network in Slovene 0500 GMT 8 Jul 94

[Text] Prime Minister Dr. Janez Drnovsek yesterday wrote to prime ministers of the 12 European states—EU members and especially to Italian Prime Minister Silvio Berlusconi. In his letter, Prime Minister Drnovsek emphasized the significance of the negotiations on Slovenia's associate membership in the EU, the position of our country, and the circumstances in Slovenia.

Prime Minister Drnovsek warned that the preparatory negotiations on the agreement between the delegations of Slovenia and the European Commission last December were very successful. However, two members of the EU commission from Italy had triggered procedural obstacles by demanding postponement of the approval of the mandate for the negotiations until completion of the general elections in Italy. At the request of the Italian Government, the passing of the mandate for the negotiations has now been postponed once again.

Prime Minister Drnovsek is convinced that the EU prime ministers are well aware of the fact that Italy conditions Slovenia's future integration in the EU with the fulfillment of certain bilateral demands. The Italian demand that Slovenia should grant EU citizens the right to buy real estate in Slovenia should not be the primary condition for associate membership because such a thing has not been demanded from a single country that was a candidate for associate membership. Prime Minister Drnovsek emphasized that the Slovene Government was willing to harmonize its property laws with those of the EU states. However, he added that because of the Italian objections Slovenia has been lagging behind in the institutionalized relations with the EU even though it has accomplished considerable successes in the political and economic spheres as well as in actual links with the EU.

Kacin-Leotard Talks on Military Cooperation

94P20961A Ljubljana DELO in Slovene 24 Jun 94 p 28

[Article by Bozo Masanovic: "French-Slovene Military Cooperation"]

[Text] (From our correspondent) Paris, 23 June—The arms embargo against Slovenia is unjust, according to Francois Leotard, the French host of Slovene Defense Minister Jelko Kacin. During today's exhaustive and constructive talks, the French defense minister expressed hope that this measure would be abolished, which would make possible closer military cooperation between Slovenia and France—the main topic of the meeting.

The two defense ministers also discussed Slovenia's medium-range plans to purchase arms and military equipment. At Leotard's invitation, Kacin arrived for a two-day official visit to Paris. He explained to his host that it is not possible to solicit tenders to purchase arms and equipment as long as the embargo is in force, adding that Slovenia expects France to play an active role in the endeavours to remove this restrictive measure.

The French minister stressed that Slovenia is a peace-loving country whose defense system does not represent a threat to anybody, being designed exclusively for defense purposes. During today's talks, Jelko Kacin invited Francois Leotard to visit Slovenia. The French defense minister accepted the invitation and is expectied to visit Ljubljana this year.

In the afternoon, Kacin visited the Eurosatory land-based weapons show, which opened in Le Bourget yesterday. Until 1992, only French manufacturers attended tha fair; subsequently, it took on a European dimension, and among the 550 exhibitors present this year there are also U.S. and Canadian arms manufacturers. Kacin viewed the antitank weapons systems produced by the firms Euromissile and the aicraft manufacturer Dassault (Mirage and Rafale fighter planes) and toured the exhibits of the firms Giat Industries (tanks), Acatel-Alsthom (telecommunications), Thompson (military electronics), and Renault (armored vehicles).

Federal

Seselj Urges Rejection of Latest Peace Plan

LD0707161694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1532 GMT 7 Jul 94

[Excerpt] Belgrade, 7 Jul (TANJUG)—Serbian Radical Party [SRS] President Vojislav Seselj stressed at today's news conference that "the Serb nation as a whole, and the Srpska republic in particular, must reject the great powers peace plan on Bosnia."

Saying that such a stand was today unanimously adopted by the Central Patriotic Administration [formerly Main Committee] of the SRS, Seselj added that it was an unacceptable ultimatum and it was impossible for 13 Serb cities to become part of the Muslim-Croat federation.

Seselj welcomed the statement of the Bishops Conference of the Serbian Orthodox Church and added that the Serbian Orthodox Church's next step should be to oppose the acceptance of the maps that are being imposed on Bosnia by the great powers. [passage omitted]

'Considerable Military Forces' Cross Border

AU0707150794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 7 Jul 94

[Text] Over the last few days there have been movements of considerable military forces from Serbia and Montenegro to Bosnia-Herzegovina, says the Information Center of the Muslim National Council of Sandzak.

[Words indistinct] a convoy of some 30 military vehicles full of troops and armaments has crossed, and each of these vehicles had an artillery piece in tow. [Words indistinct] in the early morning as a new convoy of vehicles and [word indistinct] loaded with tanks [passage indistinct] and that the representatives of the Serbian-Montenegrin regime pretend to be peace-loving with their words, while on the other hand on the territory of the sovereign and internationally recognized Bosnia-Herzegovina [words indistinct].

In order to avoid witnesses to this shameful act of aggression [words indistinct] moved Muslim Bosniaks from the villages along the border with Bosnia-Herzegovina. Will the international community place observers [words indistinct] or is it Gorazde's turn again? This is stated by the Information Center of the Muslim National Council of Sandzak.